RV BUSIN

NOVEMBER 6, 1989

C8950 -2

TLE1 20314 069100 STA
*C 9007 958 BSU
JEANNE LONG
ACQ EDITOR
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

RV Makers Hold the Line on '90 Prices

RV manufacturers have found themselves embroiled in something of a "price war" as the 1990-model year gets under way, prompting RV producers to limit price hikes to the absolute minimum to keep pace in an intensely competitive marketplace.

"There's been such a price war out there, with everybody getting their '89s (old model-year inventory) out, that everyone's holding their prices," reported Robert A. Gottschalk, vice president for the RV Group of Coachmen Industries Inc., Elkhart, Ind. "Actually, I think everybody probably needs more of a price increase than was actually taken. I think everybody is hoping the lull in sales will pass so that we can all go back to getting legitimate markups."

Gottschalk noted that the RV marketplace – in emerging from a year in which RV sales (excluding vans) may have sustained a 15% setback – is as competitive as it has been in years. "It (price competition) is probably worse than it has been since '81, meaning more widespread," said Gottschalk, whose firm is asking for initial retail price hikes of only 2% or less for 1990. "There are a lot of small operators who have moved in with low overhead. They're eking out a living, and they're causing some problems in the market, temporarily. It's not as bad as 1979 and '80, but the market is tight."

Along those lines, Jayco Inc., Middlebury, Ind., which last year levied some fairly aggressive price hikes, dropped prices marginally for 1990 on its low-line towables, confirmed National Sales Manager Chuck McKinney. In addition, Jayco maintained existing pricing on its truck campers and mini-motorhomes, while boosting prices of folding camping trailers by 2%.

"It (Jayco's pricing policy) reflects the market," McKinney said. "What trips off (price increases) are our suppliers, and we just didn't get hit with component-parts price increases as we started our '90 production. So, if they don't (raise prices), we don't (raise prices) either."

Thus, while RV-manufacturing executives interviewed indicated that there could be more sticker-price upticks as the model year proceeds, it appears that the RV industry has taken a more conservative course in debuting 1990 models than it did at the opening of the 1989-model year, when mounting raw material costs drove up some companies' prices by as much as 9%.

RV pricing this fall is also following a more moderate path than followed by the Big Three automakers: General Motors Corp. has raised prices 4% to 6%; Ford Motor Co.'s price tags are up 3% to 12%; and Chrysler Corp. raised its stickers by 3% to 8%,

continued on page 12

DEALER OF THE YEAR: Utah dealer Robert Jensen is the 1990 Dealer of the Year. See page 32.

WDA, RVDA Make Agreement to Hold Joint Convention in 1990

The Warehouse Distributors Association (WDA), RVDA of America and RVDA of Canada have agreed to jointly sponsor an expanded 1990 Convention and Exposition/Executive Conference for RV dealers, aftermarket retailers, warehouse distributors and suppliers. The inaugural joint event will be held in Las Vegas, Nev., Oct. 7-12, 1990.

The agreement was announced by RVDA of America President Bill Thomas, RVDA of Canada Vice President Eldo Kunz and WDA President Larry Boyd, who explained that the format of the 1990 conference will enable all three organizations to realize a long-held goal of promoting closer cooperation and dialogue among the various segments of the RV industry. Each of the sponsoring organizations will hold its own sessions, but members will jointly attend a general session, an expanded aftermarket expo-

continued on page 11

7 Charleston Dealers Weather Hurricane Hugo

7 Mallard Picks Skyline Exec As New CEO

7 4-Year-Old Bounder Gets a Facelift

7 Automakers at Odds Over NHTSA Seat-Testing

8 B&B Trailer Buys CLT Parts

8 Chapter 11 by Vyquest to Cut Debt Burden

9 Bonair Acquires Granville Inc.

9 Coachmen Shuts Oregon Plant

9 Go Vacations Expands, Plans U.S. Retail Sales

10 Adelphian Buys Sterling Class A

11 LaSalle-Deitch Reorganizes Into East, West Groups

11 Executive Adds Entry-Level Unit To Luxury Lineup

RV BUSINESS

VOLUME 40, NUMBER 15 NOVEMBER 6, 1989 TWO DOLLARS

32

63

COVER PHOTO: IRENE CLEPPER

NEWS AND TRENDS

Industry News 7
RV People 15
DAB Perspective 18

FEATURES

Dividing Lots 22
Dealers discuss the advantages and pitfalls of differentiating lots to target product markets—such as separating towable and motorized units, or new and used vehicles, or high-line and low-end brands into different lots.

Dealer of the Year 32
Utah-based Robert Jensen, vice president of Blaine Jensen & Sons RV Centers, is the 1990 Dealer of Year. An exceptional commitment to consumer care and strong family-oriented values distinguish this year's winning RV retailer.

L.A. RV Show 63
Attendees at RVIA's 37th Annual L.A. RV Show at Dodger Stadium can take advantage of this show section's exhibitor listings, floorplans, overview of show events, and handy guide to downtown sightseeing and dining near the stadium.

DEPARTMENTS

Dealer Concepts 42
Profitmakers 50
Classified Advertising 53
Index to Advertisers 54
In Brief 56
Calendar 59
Readers' Forum 69
Commentary 70

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1989 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly; an annual industry directory is published as the second February issue. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

AUGUST MAINTAINS STATUS QUO

GAYLORD MAXWELL

August wasn't too shabby in terms of RV sales, according to RVB's Dealer Advisory Board (DAB). Compared with the previous year, sales were much the same but up slightly. Both new and used units were in the plus column. The amount of dollars taken in increased by 4%.

By 13 to 10, more DAB members were up than down in sales, and the size of the dealership seemed to make no difference in whether it was up or down.

Compared with August of last year, two of the five RV types (travel trailers and fifth-wheels) were ahead in sales of new units. Used units did even better, with four of the five RV types outdoing August 1988 and the remaining type identical with last year's monthly tally.

Year-to-date, the picture was not quite as bright. Thirteen dealers were down in dollars taken in, and 10 were up. Total unit sales were slightly behind last year's pace, but the total dollar amount was still up just slightly. One RV type (fifth-wheels) showed an increase in new-unit sales, but all other categories were down. For used units, all five types were down.

Profits for the month also were down just a bit compared with last August, according to the DAB. Generally, profits were rated fair to good. Used units were still bringing good prices, and the service-and-accessory business was generally rated good to excellent. Bottom lines received fair to good ratings. Inventories seemed to be in good shape, but both lot traffic and the percentage of new buyers received only poor to average ratings.

The best indicator from the August report was that it appeared, at least for the time being, that the downward trend had flattened out.

Motorhomes

More motorhome dealers on the DAB were down than up in new-unit sales in August compared with the same month last year. The big guys did better than the small ones; in fact, only one large dealership failed to exceed last year's new-unit total, whereas three-fourths of the small- or medium-size dealerships were off of the mark.

Profits were surprisingly good for this time of the year, according to the DAB. Ratings were generally good to fair. The used-unit total was the same as last August.

Year-to-date, motorhomes were down a bit. There's really no reason to believe that the situation will change in the near future.

Travel Trailers

Actually, there was no general travel-trailer boom in August, although the 36% increase over last August suggested that there was. The reason: Two of our board members experienced unusual sales, and their totals accounted for the impressive increase in new units sold. Otherwise, the picture was quite in line with the past months of this year: only slightly down from the same month a year earlier.

Profits for this category were unusually good for the month. Although most ratings were fair to good, there were four excellent marks, the most for any month in a very long time. Both new and used fared well.

Year-to-date, the category was still running a little bit in the minus column. However, if August was a portent of the future, the year could end up with an increase. It's possible, but not too probable.

Truck Campers

New-unit sales were still on the slow side. Both of the camper specialists on our DAB were off last year's new-unit pace. Used totals were a bit better and managed to get in the plus column. Profits were rated good to excellent.

The year-to-date picture in August was about the same as in previous months. It's quite apparent that sales were sluggish, and there's no reason to expect them to change.

Folding Camping Trailers

Dealers of this type reported relatively poor sales in August. By a two-to-one margin, they reported that sales were down from the previous August. Even the fold-down specialists were in the minus col-

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MOTORHOMES	142	160	11	1,238	1,263	2	174	174	0	1,186	1,221	3
TRAVEL TRAILERS	118	87	+36	912	[illegible]	-3	142	113	+26	897	919	[illegible]
TRUCK CAMPERS	21	29	28	180	219	18	17	15	+13	117	133	12
FOLDING CAMPING TRAILERS	[illegible]	[illegible]	-19	876	[illegible]	-1	40	38	+5	297	305	[illegible]
FIFTH-WHEELS	45	32	+41	328	285	+15	30	16	+86	166	171	3

	FOR MONTH			YEAR-TO-DATE		
	AUG. 1989	AUG. 1988	% CHANGE	1989	1988	% CHANGE
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL UNIT SALES	800	752	+6	6,197	6,343	2
NEW-UNIT SALES	397	396	(+)1	3,534	3,594	-2
USED-UNIT SALES	403	356	+13	2,663	2,749	3

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dasson,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Dave Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

umn. Used sales were slightly up, however.

As might be expected at this time of the year, profits tended to be on the soft side as dealers tried to unload for the winter.

The year-to-date sales figure dropped into the minus column after being positive for many months, due to the effects of a discount buy and sale by one of our board members. In all probability, that cumulative figure will drop even lower before the end of the year.

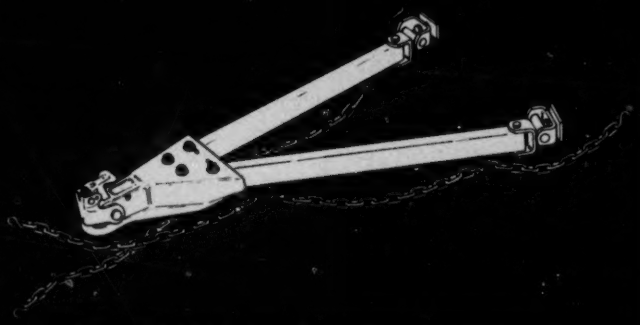
> *Profits tended to be on the soft side as dealers tried to unload for the winter.*

Fifth-wheels

This champion category made an enormous surge in August in both new- and used-unit sales. Most fiver dealers were up in both new and used. Profits were good, too, with three dealers reporting them as excellent.

The substantial gain for the year by DAB members who stock fifth-wheels suggested strongly that retiree buyers were still out in force. That fact should be exploited. Δ

SERIOUS TOWING PRODUCTS



Product Inquiry: P.O. Box 489, Sun Valley, CA 91353-0489
Telephone Inquiry: (818) 768-5880 • FAX: California 818-767-8435
FAX: Indiana 219-262-0790 • FAX: Texas 817-473-2241 • FAX: Canada 519-681-9807

We always had a facility for service, now we've got six of them.

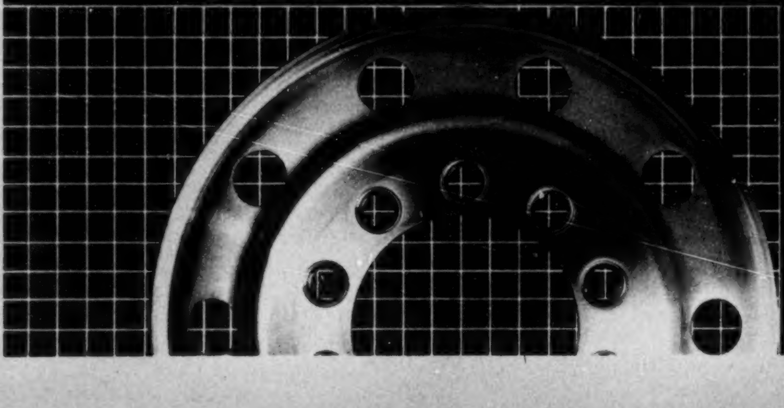
Century WHEEL & RIM
A CALIFORNIA CORPORATION

Corporate Headquarters:
2301 Tubeway Ave., Commerce, CA. 90040-1619
213/728-3901, FAX 213/722-4177

Phoenix, AZ 602/271-0031
Fresno, CA 209/237-7467
Hayward, CA 415/887-8703
San Diego, CA 619/231-0014
W. Sacramento, CA 916/371-6792

We're known for providing quality products and responsive customer service to the transportation industry. Now, with our six strategically located branches and a manufacturing facility, we're doing it even better than ever. Our shelves are stocked at six locations with wheels, rims, parts and assembly components by the leading names in the industry.

Phone in an order to any of our branches today, we ship most orders the same day. With our continued capability to manufacture wheels and rims to customer specifications, as well as design and build complete axle assemblies, we've really got the facilities for service.



Representing: Accuride • Alcoa • Al-Ko Axles Atwood • Balco • Budd • Binkley Can-Am • Campbell Chain • Dayton-Walther Dexter • Erie • Freylube • Fulton • Gunite Hayes • ITT Aimco • Johnsen's Brake Fluid • Kelsey-Hayes • Midland Heavy Duty Systems • Motor Wheel Corp Reyco-TransPro • Rockwell

RV BUSINESS

TLE1 20814 069100 STA
*C 9007 958 BUS
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

NOVEMBER 20, 19[illegible]

7 Fleetwood Unveils Indiana Class A Plant

7 California Requires Trailer Special-Licensing

8 Winnebago Reports Loss In 4th Quarter

8 RVIA Says 1st Service Clinic Is a Success

9 Carriage Inc. Expands Plant, Production

9 Vyquest to Debut Class A at Louisville Show

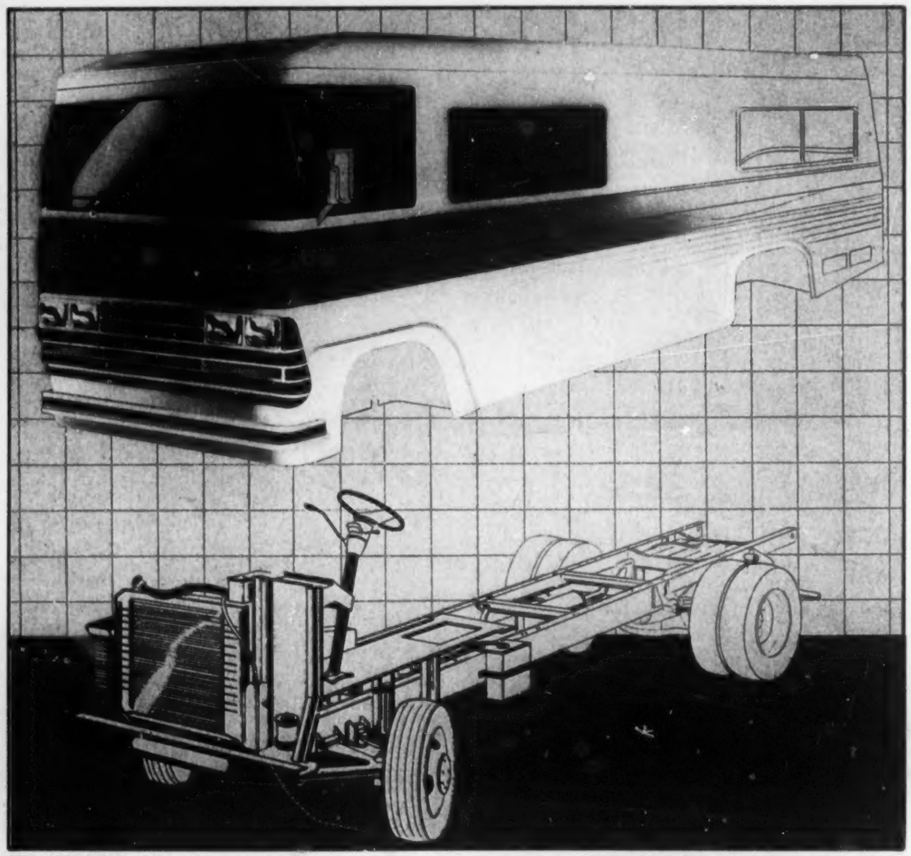
9 Utilimaster Says New Chassis Has RV Applications

10 Ind. Governor Vows RV-Trade Support to IMHA

10 ElDorado Plans Reorganization

11 Detroit Sees Flat '90 Sales Of Conversions

13 Chrysler Shifts Tow Ratings of 1990 Trucks



'90 CHASSIS: After this year's slump, chassis suppliers see the RV market heading toward a spring upsurge and are preparing to battle a growing field of competitive products. See page 38.

RV Makers, Dealers Seek Buy-back Compromise

Both of the nation's key RV-trade associations, RVIA and RVDA, continue to seek a compromise in the growing state-level controversy over RV "dealer closing" laws.

Yet it is apparent that legal concepts – such as "dealer buybacks," "voluntary terminations," "sales agreements" and "franchises" – are likely to affect the very parameters of how RV makers and dealers have functioned. Sweeping changes afoot in the motorcycle and automobile industries and increasing activism by some U.S. RV dealers – including recent dealer-spawned legislative initiatives in states like Texas, Montana, Wisconsin and Georgia – are changing the landscape of manufacturer-dealer relations.

The buy-back issue first surfaced when strong dealer-oriented legislation, mostly promoted by automotive dealers, was introduced in Montana and Texas. But Wisconsin is where the issue is getting its most heated airing.

In Wisconsin, a coalition of motorcycle, automotive and RV-dealer groups last spring introduced a bill that originally called for binding manufacturer-dealer agreements and "inventory buy-backs." The buy-back clause would have required RV manufacturers terminating dealers to repurchase new and/or unused inventories, parts, signage, tools and other related items from the canceled dealer at 110% of the price that dealer originally paid. The same clause also would have applied regardless of the circumstances of the elimination of the franchise. Among the sponsors of the bill and its buy-back requirements is a group of RV trade associations: the Wisconsin RV Dealers Association (WRVDA), the Milwaukee-based Southeastern Wisconsin RV Dealers Associa-

continued on page 14

RV BUSINESS

VOLUME 40, NUMBER 16 NOVEMBER 20, 1989 TWO DOLLARS

LOUISVILLE

29

62

COVER ILLUSTRATION: TOM DILLON

NEWS AND TRENDS

Industry News 7
RV People 16
RVIA Shipments 20
Blue Chip Consensus 22
At Retail 24

FEATURES

Louisville Pre-Show Guide 29
Exhibitor listings, floorplans and a calendar of events are provided to help attendees prepare for their visit to the 27th Annual National RV Trade Show in Louisville, Ky.

Chassis: 1990's New Crowd 38
While chassis suppliers look forward to a spring upturn in unit sales, they are also preparing to battle a wider field of competitors for a share of the motorhome-chassis market.

Consignments Equal Profit 46
With used-unit sales especially hot this year, dealers tout consignments as a great way to expand used inventory and profits without adding to a dealership's investment and interest burden.

DEPARTMENTS

Dealer Concepts 56
Service 66
Legal 67
Marketing 69
In Brief 71
Calendar 73
Profitmakers 75
Index to Advertisers 79
Classified Advertising 80
Readers' Forum 81
Commentary 82

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1989 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly; an annual industry directory is published as the second February issue. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

AUGUST SHIPMENTS WERE BECALMED IN THE END-OF-SUMMER DOLDRUMS

MORTON J. MARCUS

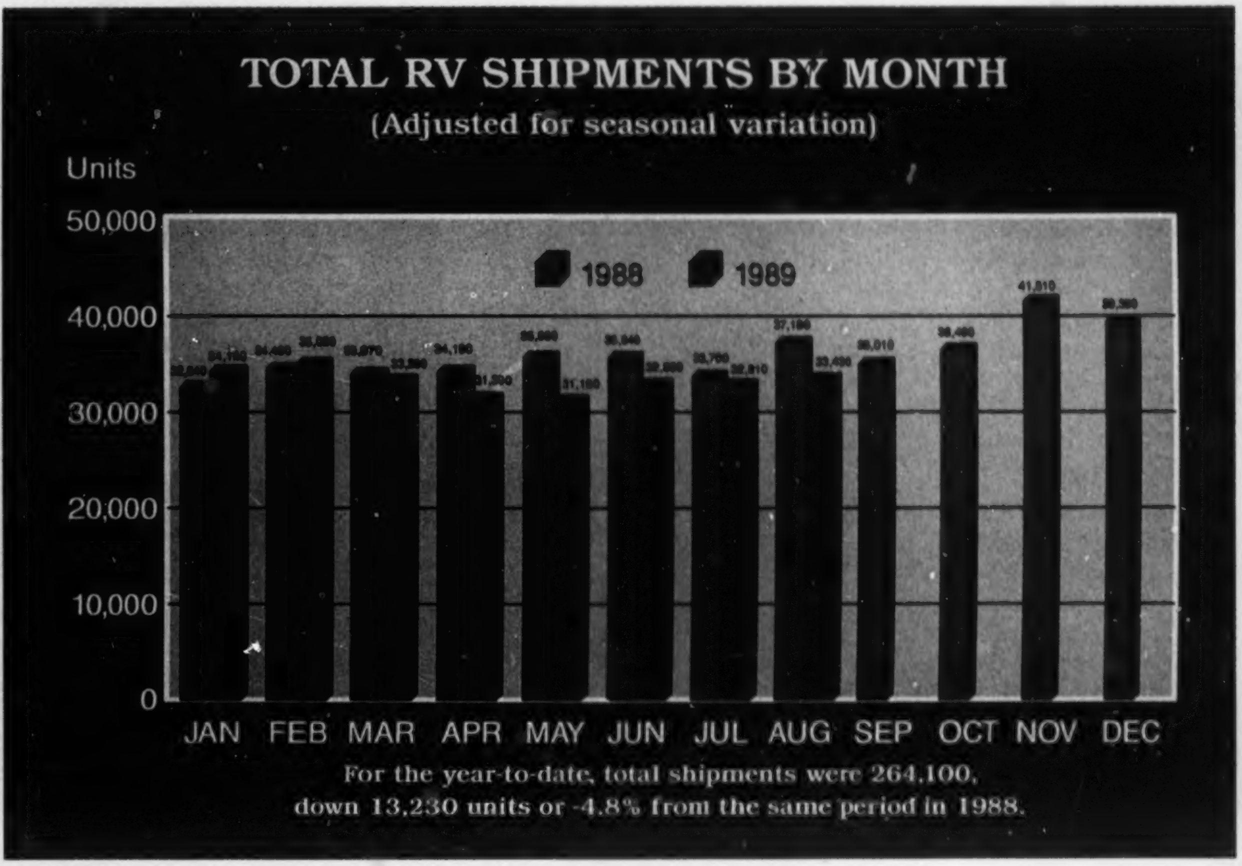


Figure 1

August is often a month that dulls the senses. The heat can be oppressive; breezes are at a premium. Golfers avoid the links at midday, and tennis courts are empty from 10 a.m. until 6 p.m. Even sailing on blue waters offers no relief when the vessel moves with the speed of a car stuck in freeway gridlock.

So, it seems only natural that RV shipments also languished in the doldrums in the month of August.

The patterns established earlier in the year seemed to persist, with little improvement in the August shipment data from RVIA. Gains made in several areas were offset by declines in other areas.

As a result, total volume for the year was off by more than 13,000 units by August, although year-to-date volume was still within 95% of last year's level for the first eight months.

The very mixed nature of the RV market's slowness supported the view that the industry was suffering from a lamentable stability rather than a perilous decline.

In fact, total RV shipments, adjusted for normal seasonal patterns, were *up* to their highest level since February in August. This level was also higher than that of July. *(See Figure 1.)*

However, the shipments' total was still a full 10% below the shipments' tally of August 1988. As of August, 1989 shipments were running at an averge of 33,010 units per month, compared with an average 34,670 units a month through the first eight

GRAPHICS: CUSTOM COLOR VISUALS

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:		
Conventional	13.47	14.09
Park Models	2.01	1.79
Fifth-wheels	7.39	7.53
Folding Camping Trailers	8.32	10.14
Truck Campers	2.55	2.62
TOTAL TOWABLES	33.75	36.16
Motorhomes:		
Class A	9.30	9.83
Class B Van Campers	1.30	1.24
Class C:		
Minis	4.61	5.02
Low Profiles	0.41	0.48
Micro-minis	0.60	0.60
TOTAL MOTORHOMES	16.21	17.17
Multiuse Van Conversions	50.04	46.67

Percentages may not add to total because of rounding.

Figure 2

months of 1988.

But other than the lower level of shipments compared with last year, the trend that is tough to accept in 1989 is the steadiness of the numbers, as seen in Figure 1.

Fluctuations this year have been more subdued than last year's. Hence, the slower volume and the reduced variation of shipments have combined to give everyone in the industry the unsettling feeling that comes from seeing no progress and little sense of vitality in the market.

The Detailed View

As is usually the case, there was movement below the surface of August's seemingly becalmed shipments' total. The small, 620-unit gain of August over July 1989 was made up of one large, 1,570-unit gain by van conversions, which was offset by declines in both towables and motorhomes. *(See Figure 3.)*

When we inspect the towable and motorhome sectors in detail, however, there are, again, conflicting movements.

Travel trailers as a group gained in August compared with July. But, as in previous months, shipments of folding camping trailers and truck campers nosedived to such an extent that they pulled down the tally of the towables sector and even offset a particularly strong gain by fifth-wheel trailers.

Meanwhile, a 910-unit plunge on the part of Class A motorhomes in August swamped the small gains made by Class B and Class C units over their July figures.

Figure 3, however, displays all the problems of reading the meaning of monthly reports. Many RV types have very small monthly volume figures, so that small changes in volume can yield enormous, potentially misleading percentage changes.

For example, micro-minimotorhome shipments increased by 100 units in August, up 98% from July. Yet, it would be a miscarriage of statistical justice to convert that number to an annual rate. If micro-minis continued to advance at the August rate for a year, there would be more than 360,000 micro-minis shipped by next August. No reasonable person could expect such an advance.

Basic Changes?

Are there any basic changes underlying the statistics?

We have no intention of bashing a particular RV group, but it is important to put any analysis of the RV market in perspective by first calling attention to folding camping trailers.

Folding camping trailers were less than a third (28%) of the towables market a year ago. *(See Figure 2.)* Now, fold-downs have become the dominant, downward factor in the towables segment of the market.

Of the 11,170-unit decline for towables through August 1989, 55% was due to the poor market performance of fold-down units. This one segment alone accounted for nearly half (46%) of the total difference between this year and last year in the entire industry.

However, the basic fact of 1989 is not negated by these observations: The reality is that by August, with two exceptions, the performance of every market segment was off the pace of the first eight months of 1988. The two, positive performers for the year-to-date were park models and van conversions.

These two RV types seem to be finding acceptance among consumers when other models are stuck on hold or on the decline. Each is also representative of what may be the extremes in pricing and lifestyle options for consumers, which makes interpretation of these observations even more difficult.

True, van conversions crossed the 50% mark in market share for the year-to-date, after months of moving ever closer to that point. But we will still need to wait and see if the newfound prominance of van conversions is a short-term phenomenom based on cyclical aspects of the industry, or part of a long-term shift in consumer preferences. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

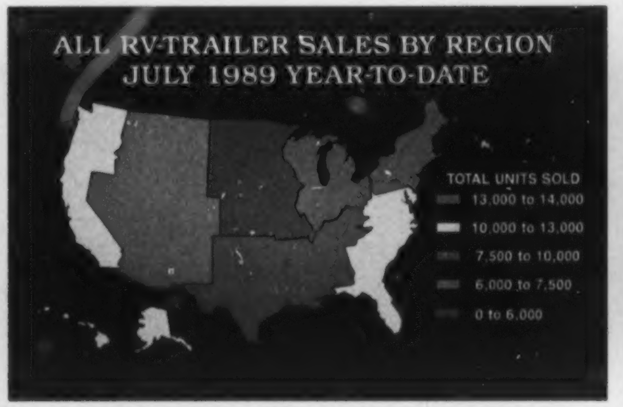
Type of Units	Aug 1989	Change From Jul 1989 Number	%	Year-to-Date 1989	1988	Change Number	%
TOTAL RVs	33,430	620	1.9	264,100	277,340	-13,230	-4.8
Travel Trailers:							
Conventional	4,470	60	1.0	35,560	39,050	-3,490	-8.9
Park Models	630	20	3.0	5,300	4,970	330	6.7
Fifth-wheels	2,390	220	10.0	19,530	20,880	-1,350	-6.5
Folding Camping Trailers	2,690	-380	-12.5	21,980	28,120	-6,140	-21.8
Truck Campers	790	-180	-18.4	6,750	7,290	[illegible]	[illegible]
TOTAL TOWABLES	10,960	-280	-2.5	89,120	100,290	-11,170	-11.1
Motorhomes:							
Class A	2,480	-910	-26.8	24,560	27,260	-2,700	-9.9
Class B Van Campers	460	160	50.2	3,420	3,430	-10	-0.2
Class C:							
-Minis	1,200	70	6.2	12,190	13,930	-1,740	-12.5
-Low Profiles	70	-90	-56.9	1,080	1,320	-240	-18.2
-Micro-minis	190	100	98.1	1,570	1,670	-100	[illegible]
TOTAL MOTORHOMES	4,500	-670	-13.0	42,820	47,610	-4,790	-10.1
Multiuse Van Conversions	17,980	1,570	9.6	132,160	129,430	2,730	2.1

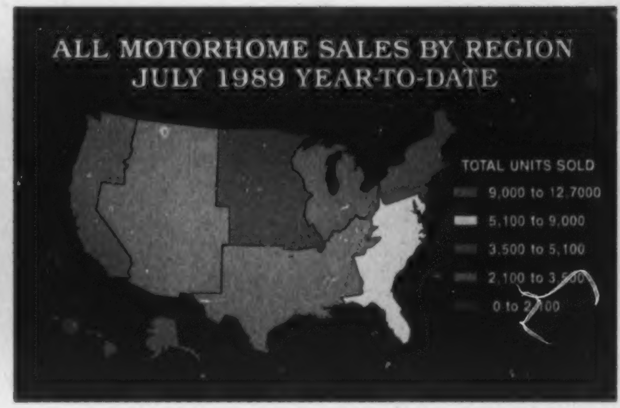
Note: Data rounded to nearest 10 units

Figure 3

JULY NUMBERS SEND MIXED SIGNALS

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

Retail registration numbers for July 1989 generated mixed signals.

July was the fourth consecutive month in which the market improved on the previous month's percent of change from the 1988 year-to-date level. Thus, a July comparison of the 1988 and 1989 motorhome markets for the year-to-date showed motorhome sales behind 1988's pace by only 2.41%, the smallest deficit to date.

In contrast, the RV-trailer market in July declined 0.37% on a year-to-date basis, leaving trailer sales 8.47% below the first seven months of 1988. For the RV-trailer market, July marked the first time in three months that trailer retail sales did not improve on the previous month's percentage change from the 1988 year-to-date level.

The RV-trailer market for the month of July 1989 was down 12.46%, or 1,637 units, compared with July 1988. Figure 1 lists the seven regions of the country ranked by the percent of change in July RV-trailer sales compared with the same month last year. In the top-ranked Mountain region, Utah recorded the largest percentage gain. In the bottom-ranked Northeast region, Maine came in with the largest drop in sales compared with July 1988.

For the year-to-date, the RV-trailer market in July was down 8.47%, or 6,725 units, compared with the first seven months of 1988. In Figure 2, the seven national regions are ranked based on their percentage change in trailer sales compared with the same period in 1988. The South Central region led the pack, with Oklahoma reporting the largest percentage retail gain. The Northeast lagged behind the other six regions, with Massachusetts having the largest percentage decline based on a two-year comparison.

Meanwhile, the motorhome retail market in July experienced a 15.75% increase compared with July 1988. This was the first month this year in which the motorhome market had a positive percent of change compared with the same month of 1988. The 15.75% increase represented an 899-unit gain for the motorhome market over

RV TRAILERS, JULY '89

July '89 Rank	Region	% of Change From July '88	June '89 Rank
1	Mountain	5.81	4
2	S. Central	2.33	6
3	W.N. Central	–7.50	3
4	Pacific	–10.70	2
5	S. Atlantic	–13.50	5
6	E.N. Central	–14.71	7
7	Northeast	–31.20	1

Figure 1

RV TRAILERS, YEAR-TO-DATE

July '89 Rank	Region	% of Change Year-to-date	June '89 Rank
1	S. Central	–1.90	1
2	Mountain	–4.70	3
3	Pacific	–6.40	2
4	S. Atlantic	–7.60	4
5	E.N. Central	–10.90	6
6	W.N. Central	11.20	7
7	Northeast	–13.30	5

Figure 2

MOTORHOMES, JULY '89

July '89 Rank	Region	% of Change From July '88	June '89 Rank
1	Pacific	48.50	1
2	W.N. Central	23.70	4
3	Mountain	11.90	7
4	E.N. Central	11.40	6
5	S. Central	– 1.59	3
6	S. Atlantic	– 3.40	2
7	Northeast	–26.50	5

Figure 3

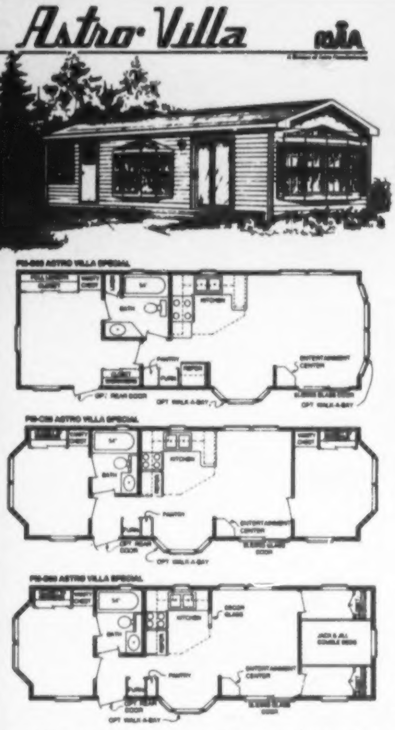
MOTORIIOMES, YEAR-TO-DATE

July '89 Rank	Region	% of Change Year-to-date	June '89 Rank
1	Pacific	–3.57	3
2	W.N. Central	– .72	4
3	S. Central	–3.12	1
4	E.N. Central	–3.20	5
5	Mountain	–4.77	6
6	Northeast	–7.90	2
7	S. Atlantic	–8.77	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

Astro·Villa



See Us At The
27TH ANNUAL
NATIONAL RV
TRADE SHOW
SPACE NO. 4214
BROADBENT ARENA

INSIDE PENNSYLVANIA
800-232-7876
OTHER
800-222-7876

Celebrating
20 Years of Excellence
Quality & Service
1970-1990

For More Information Concerning Dealerships Call
Sam Bentley
District Sales Manager
(814) 226-6822
Joe Kallaher
V.P. Sales Marketing
(814) 226-6822

ASTRO VILLA PARK MODELS
Box 189 • Shippenville, PA 16254
A Division of Astro Manufacturing

Here are 20 Good Reasons
for Stocking All of Sun's
Popular Profit Makers:
20 quality products that turn over fast
and bring your customers back for more!

Frig-O-Gage
MiniCamp
Mini-Temp
STICKLER
OUTSIDER
Featherweight MIRROR
VERTICAL Mirr-O-Gage
HORIZONTAL Mirr-O-Gage
ROADRUNNER
ZIP-O-GAGE
TEMP-O-GAGE Jr.
Temp-O-Gage III
super Lev-O-Gage II
Lev-O-Gage II
LEV-O-GAGE Jr.
Mirror/Thermometer
Therm-o-comp
Lev-O-Gage Sr.
super Lev-O-Gage
Lev-O-Gage

Call your favorite RV Distributor today.
You have 20 Good Reasons!

SUN
11413 West 48th Avenue
Wheat Ridge, CO 80033
FAX: 303/467-1104
Toll Free: (800) 441-0132

last July's tally.

Figure 3 shows the regional rankings based on the percent change in July motorhome sales when compared with July 1988. In the leading Pacific region, California had the largest positive gain. The Northeast region trailed the pack, with Connecticut experiencing the largest percentage decline in sales from July '88.

For the year-to-date, the motorhome market in July was down by 2.41%, or 887 units, compared with the first seven months of 1988. Figure 4 provides a regional ranking based on the percent of change in year-to-date motorhome sales compared with the same period in 1988. The Pacific region topped the regional list, with California having the largest percentage retail gain in that region. In contrast, the South Atlantic region came in last in terms of the percent change in sales, with Maryland having the largest decline.

July's data reinforces the improvement trend in the RV-retail market. While there appeared to be a minor setback for the RV-trailer market, the picture for motorhomes continued to improve.

> *While there appeared to be a minor setback for the RV-trailer market, the picture for motorhomes continued to improve.*

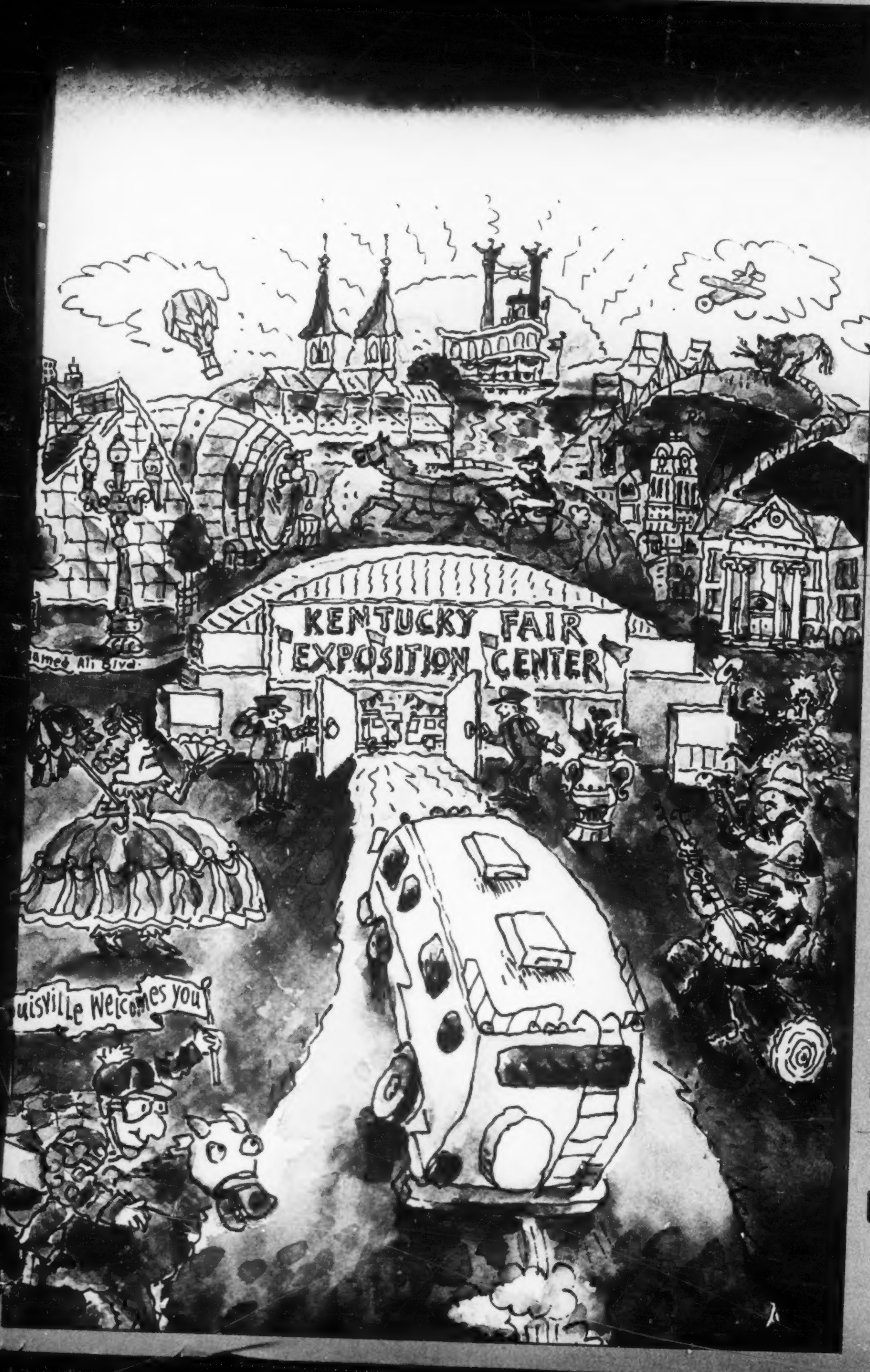
Unfortunately, the lack of consistency in the market has caused dealer confidence to stay soft. For example, for the RV-trailer market, the Northeast region was the No. 1 market in June based on the percent change in sales compared with the same month of 1988, but the same region dropped to last place in July when compared with July 1988. Similarly, in the motorhome market, the Mountain market was ranked seventh among the regions in June based on a comparison with the previous June, yet the same region had jumped to a No. 3 spot in July compared with the same month in 1988.

The regional markets thus seem to be turning on and off with no real pattern. Although the nationwide retail numbers continued to improve in July, so that the market was running only slightly behind last year, some individual regions recorded growth spurts ahead of the general pace. Δ

RV BUSINESS

TLE1 20814 069100 STA
*C 9007 958 BUY
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

DECEMBER 4, 1989



7 Oshkosh Debuts Chrysler-Powered, Low-Profile Rail

7 Coleman Seeks Buyer for Fold-down Div.

8 Newmar Unveils New Slide-out Class A Model

8 RV Veterans Buy Major Share Of Newcomer

9 Spartan Plans Small GVW Diesel Pusher

9 Rexhall Reports Strong Earnings, Unveils Units

9 Fleetwood Plans Avion Redesign, Shuts Mich. Plant

7 Quake Damages Shelton Industries

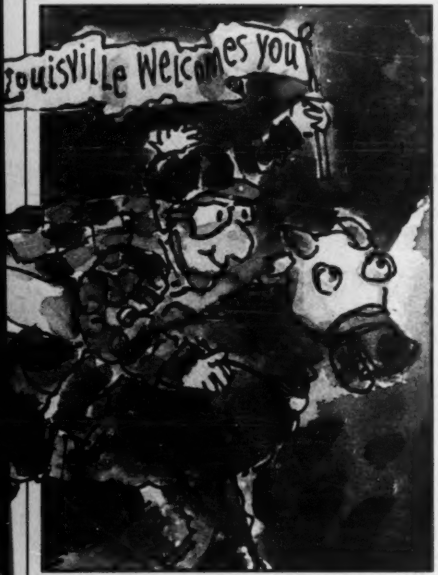
11 Champion Plant Replaces Burned Elkhart Facility

12 Coachmen RV Adds Classic Prestige Trailers

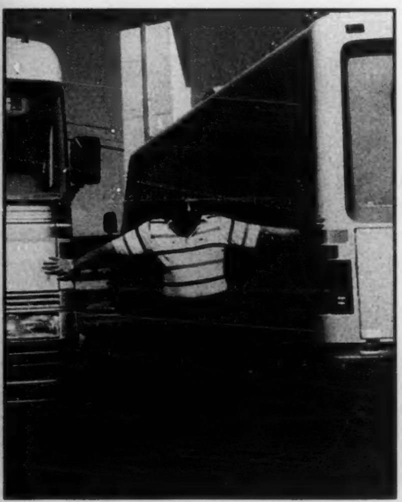
13 Gulf Stream 2000 Class A Has 'Complex Contours'

RV BUSINESS

VOLUME 40, NUMBER 17 DECEMBER 4, 1989 TWO DOLLARS



27



68

COVER ILLUSTRATION: ABE GURVIN

NEWS AND TRENDS

Industry News 7

RV People 16

DAB Perspective 20

FEATURES

Louisville Show Guide 27

Exhibitor listings, floorplans, a calendar of events and a brief overview of local dining are provided for attendees at the 27th Annual National RV Trade Show in Louisville, Ky.

Motorhomes: A Sleeker Look 36

Class A models are sporting more aerodynamic, automotive styling in a trend to lower profiles, swept-back windshields, radius roofs, flush bumpers, inset lights and molded sleekness that is likely to continue into the 1990s.

Hot New Graphics 50

More complex patterns and hotter accent colors are setting 1990 exterior graphics apart from the traditional, straight-line looks of previous years. Graphics suppliers and RV manufacturers describe some of the exciting new trends.

Landscaping on a Budget 58

Dealers and landscape experts agree that even a modest investment in exterior landscaping can result in big returns. They discuss how plantings, if selected with an eye to maintenance costs and drive-by impact, enhance consumer appeal.

DEPARTMENTS

Guestview 24

Dealer Concepts 68

Legal 76

Calendar 81

New Literature 84

In Brief 86

Profitmakers 92

Index to Advertisers 102

Readers' Forum 102

Classified Advertising 104

Commentary 106

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1989 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly; an annual industry directory is published as the second February issue. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

DAB PERSPECTIVE

MILD UPSURGE IN SEPTEMBER SALES

GAYLORD MAXWELL

September was a good month for most RVB Dealer Advisory Board (DAB) members. In fact, it was, compared with the corresponding month of the previous year, the best month in a long time. Total sales volume was up 12%. Individually, 14 of the 22 DAB members were up in sales from the previous September; eight were down. Four of the five RV types were up in new-unit sales, and none were down in used (one was the same). Profits were generally rated good or fair; bottom lines were most often rated fair. Inventories were generally in good shape.

Year-to-date, the picture wasn't as good, but it wasn't terrible either. Although four out of five categories of new units were down in sales, it was by only 2%. Used units were off only 4%. Total sales volume was down by less than 1%. Thirteen DAB members took in fewer dollars for the year-to-date, but nine were up.

If the mild upsurge of September continues, it is quite possible that the year will end up about the same as, or even ahead of, 1988. However, considering that a shaky stock market, lots of grim reports about S&Ls and two devastating natural occurrences have dominated the news in recent months, it would be miraculous if RV sales continued that upward trend.

Motorhomes

September was generally a very good month for motorhome sales. Only three members of the DAB failed to match or better last year's figures. A switch from the usual was that the big dealerships did not account for the increase. In fact, the little guys who normally sell five or fewer units per month accounted for most of September's increase, and the large dealerships dropped a bit. Profits were generally rated good or fair.

Year-to-date, comparative numbers were quite close. New units were off only 1%, while used were off 2%. A modest increase in the final quarter could change both minuses to plusses. Decent weather and a slight increase in optimism about the economy could do the trick.

Travel Trailers

Unusually strong sales by one of the large dealers on the DAB resulted in a new-unit increase. His jump, from 10 units for the month last year to 18 this September, more than accounted for the additional four units. The fact was that most trailer dealers were down by a unit or two from the previous year. Used-unit results were mixed, with the number of dealers up about equal to those who were down. Profits were generally rated good.

Year-to-date, travel-trailer sales were following the slightly downward trend set early in the year, and it is quite likely that they will continue to be off the pace somewhat for the rest of the year.

Truck Campers

Our sample is quite small but has been consistent all year. There was no doubt that sales of this RV type were off. Although the percentage rate was rather high, the difference in units was quite small. Both of our DAB camper specialists were down for the month in new units. Used sales tied the previous September. Although sales were weak, profits were rated excellent.

Year-to-date, the picture was almost identical with that of last September in new units. The used picture was more grim. Considering the trend for much of the year, there was little reason to expect a significant change.

Folding Camping Trailers

The large percentage increase for September suggested a better month than it actually was. The 10-unit increase was due primarily to close-outs by two dealers. Sales were slow, and profits were weak as dealers of this type tried to clean up their inventories.

New-unit totals for this year and last indicated very close race. It was, however, due to the fact that one dealer who sold only one unit in 1988 sold 97 this year – more than 10% of the DAB total. Obviously, some other dealers were considerably off the mark. It is quite unlikely that there will be

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MOTORHOMES	128	115	+11	1,328	1,346	– 1	97	96	+1	1,213	1,242	– 2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TRUCK CAMPERS	20	25	–20	199	243	–18	16	16	0	99	144	–31
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FIFTH-WHEELS	37	30	+23	364	312	+17	25	19	+32	125	133	– 6

	FOR MONTH			YEAR-TO-DATE		
	SEPT. 1989	SEPT. 1988	% CHANGE	1989	1988	% CHANGE
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL UNIT SALES	560	518	+11	6,422	6,611	–3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
USED-UNIT SALES	248	235	+ 6	2,693	2,812	–4

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dassen,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Don Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgesen,** Seattle, Wash.; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Dave Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

DAB PERSPECTIVE *continued*

much change in the final quarter.

Fifth-wheels

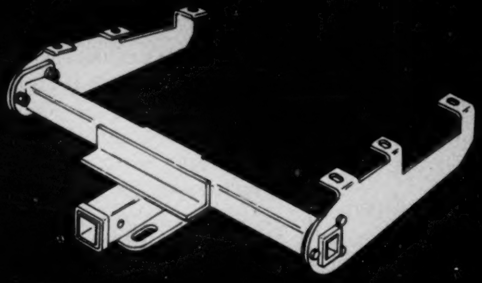
There was no doubt about it: Fivers were going strong. Consistently up during the year, fivers' year-to-date figure was the only one of the five RV types in the plus column.

Apparently, where it counts most — in profit — the numbers were right.

Several members of the DAB were getting impressive unit numbers — two in the 50s and one with a total of 95 for the year-to-date. However, 13 of the 19 who stock them had sold fewer than 15 units to date, and eight of those sold fewer than 10. It is generally not a big-unit numbers game.

Profits generally were good in September; three dealers marked them excellent. Apparently, where it counts most — in profit — the numbers were right. It has been that way for quite some time, and there's no apparent reason for them to change. Δ

SERIOUS TOWING PRODUCTS



Product Inquiry: P.O. Box 489, Sun Valley, CA 91353-0489
Telephone Inquiry: (818) 768-5880 • FAX: California 818-767-8435
FAX: Indiana 219-262-0790 • FAX: Texas 817-473-2241 • FAX: Canada 519-681-9807

WHAT YOU WANT IS IN "THE BOOK!"

MOR/ryde's PARTS MANUAL Helps You Be the Best Service Technician for the Best Suspension System!

- Packed with the info you need to service MOR/ryde Rubber Suspensions: single axle, tag axle, tandem axle, and T/A modular
- Provides detailed parts breakdowns
- Allows quick system components identification
- Includes: a yearly log of all OEMs by chassis and MOR/ryde suspension model numbers
- Service manuals covering system maintenance, service procedures, and trouble- shooting tips
- A flat-rate labor manual
- A components price list

SEND FOR *YOUR* GENUINE
MOR/ryde PARTS MANUAL TODAY!

☐ *YES! Send me ______ copy/copies of the MOR/ryde PARTS MANUAL at $12 each.*

Name ______________________

Company Name ______________________

Address ______________________

City ______ State ______ Zip ______

☐ Enclosed is my check or money order. Area Code ______ Phone No. ______

☐ Charge to my credit card.

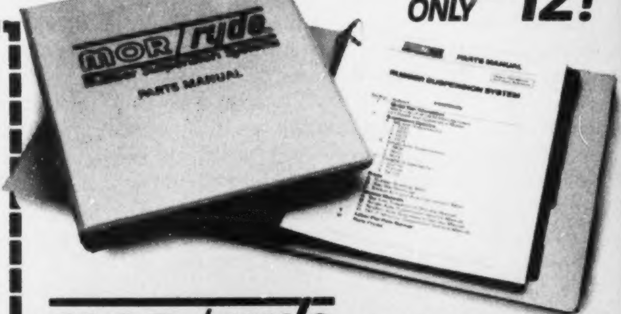
Visa / Mastercard No. / Expiration Date ______________________

Signature ______________________

Send to: MOR/ryde, Inc.
1966 Moyer Avenue • P.O. Box 579
Elkhart, IN 46515-0579

RVB12-1

ONLY $12!



MOR/ryde® Rubber Suspension Systems

1966 Moyer Avenue
P.O. Box 579
Elkhart, IN 46515-0579

C 8950-2

RV BUSINESS

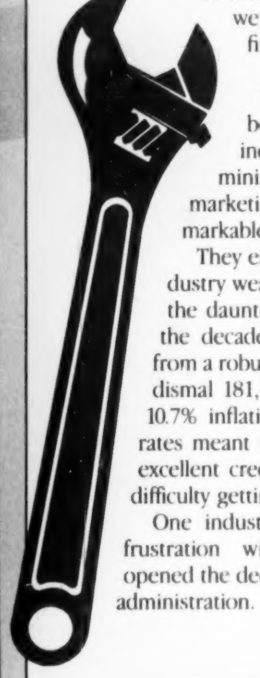
TLE1 20814 069100 STA
*C 9007 958 BUY
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

DECEMBER 18, 1989

Looking Back At the '80s: a Time of Maturing

The RV industry, if surveyed on the subject at this point in time, probably wouldn't give the 1980s rave reviews. Afterall, the '80s were born in the final throes of a recession, never rebounded with the kind of big sales numbers that many veterans had expected and are closing with the disappointing market of 1989.

That, some would argue, is the kind of decade many RV manufacturers, suppliers and dealers could do without.



Yet other industry pundits – noting that sales in the decade's last year were well ahead of those of its first – choose to view things in a more positive light. They, instead, will remember the 1980s as a time of industry maturation, of diminished volatility, of increased marketing sophistication and remarkable product improvements.

They especially stress how the industry weathered, and learned from, the daunting recession that opened the decade. RV shipments dropped from a robust 526,300 units in 1978 to a dismal 181,400 units in 1980, when a 10.7% inflation rate and 22% interest rates meant that even consumers with excellent credit ratings sometimes had difficulty getting financing.

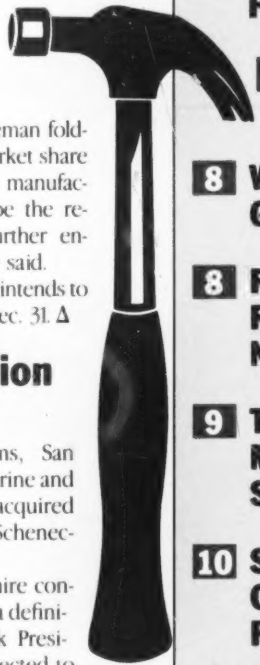
One industry veteran expressed his frustration with the "malaise" that opened the decade by blaming the Carter administration. "Ordering would stop for

continued on page 13

SERVICE TRAINING: A new crop of service-training programs have earned dealer praise, inspiring RVIA to embark on an ambitious, technical institute. See page 22.

Fleetwood to Buy Coleman Co.'s Fold-down Division

Elden L. Smith, senior vice president of the RV Group of Fleetwood Enterprises Inc., Riverside, Calif., announced Nov. 28 at the 27th Annual National RV Trade Show in Louisville, Ky., that "we have signed a letter of intent for the acquisition of the Coleman Camping Trailers Division, Somerset, Pa. We intend to operate it as a separate division of the RV Group with no change in management or philosophy."



Smith pointed out that Coleman folding camping trailers have a market share of 31%, making them the No. 1 manufacturer of fold-downs. "We hope the resources of Fleetwood will further enhance their opportunities," he said.

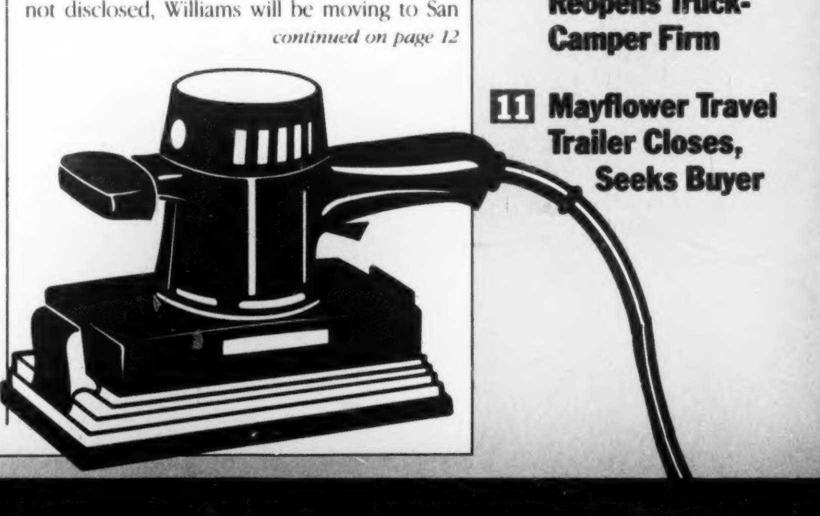
Smith added that Fleetwood intends to complete the acquisition by Dec. 31. Δ

Coast Distribution Buys Mohawk

Coast Distribution Systems, San Jose, Calif., a dominant RV, marine and mobile-home distributor, has acquired Mohawk Trailer Supply Inc., Schenectady, N.Y.

Coast Chairman Tim McGuire confirmed that Coast had signed a definitive agreement with Mohawk President Eivion Williams and expected to complete the acquisition by the first week in January. As part of the deal, whose terms were not disclosed, Williams will be moving to San

continued on page 12



7 Ind. Economists Foresee Better Sales in 1990
7 Winnebago Opens RV Complex in Shopping Mall
8 Damon Debuts First Class A
8 Cree Coach Is Up for Sale
8 WDA Names Gear President
8 RVDA Elects Randy Thompson New President
9 Travelmaster Merges With Sportscoach
10 Studebaker Coachworks Buys Roman Wheels
11 Industry Veteran Reopens Truck-Camper Firm
11 Mayflower Travel Trailer Closes, Seeks Buyer

RV BUSINESS

VOLUME 40, NUMBER 18 DECEMBER 18, 1989 TWO DOLLARS

NEWS AND TRENDS

Industry News 7
RV People 15
RVIA Shipments 16
At Retail 18
Blue Chip Consensus 20

FEATURES

Service Training for the '90s 22

As the 1980s close, a bevy of new service-training programs are earning the praise of RV dealers and technicians, which has inspired RVIA to initiate the industry's most ambitious, technical-education effort to date: the National Recreation Vehicle Training Institute.

Show Seminars 31

For many RV-show attendees, the seminar programs may just be icing on the cake, yet planners agree that the right seminar "icing" can help boost show attendance. Watch for trends to more "big name" speakers and expanded educational programs tailored to industry demands.

DEPARTMENTS

Dealer Concepts 34
Service 41
Index to Advertisers 42
Calendar 44
In Brief 46
Profitmakers 47
Classified Advertising 48
Readers' Forum 49
Commentary 50

SO THAT TOMORROW'S WORLD WILL
BE A WORLD WORTH LIVING IN...
& THE GREAT
LAKES RV ASSOC. DEDICATE
THE PLANTING OF THESE TREES
TO FUTURE GENERATIONS.

15

34

COVER ILLUSTRATIONS: KAREN BELL

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1989 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly; an annual industry directory is published as the second February issue. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

SEPTEMBER: NOT THE WORST OF TIMES

MORTON J. MARCUS

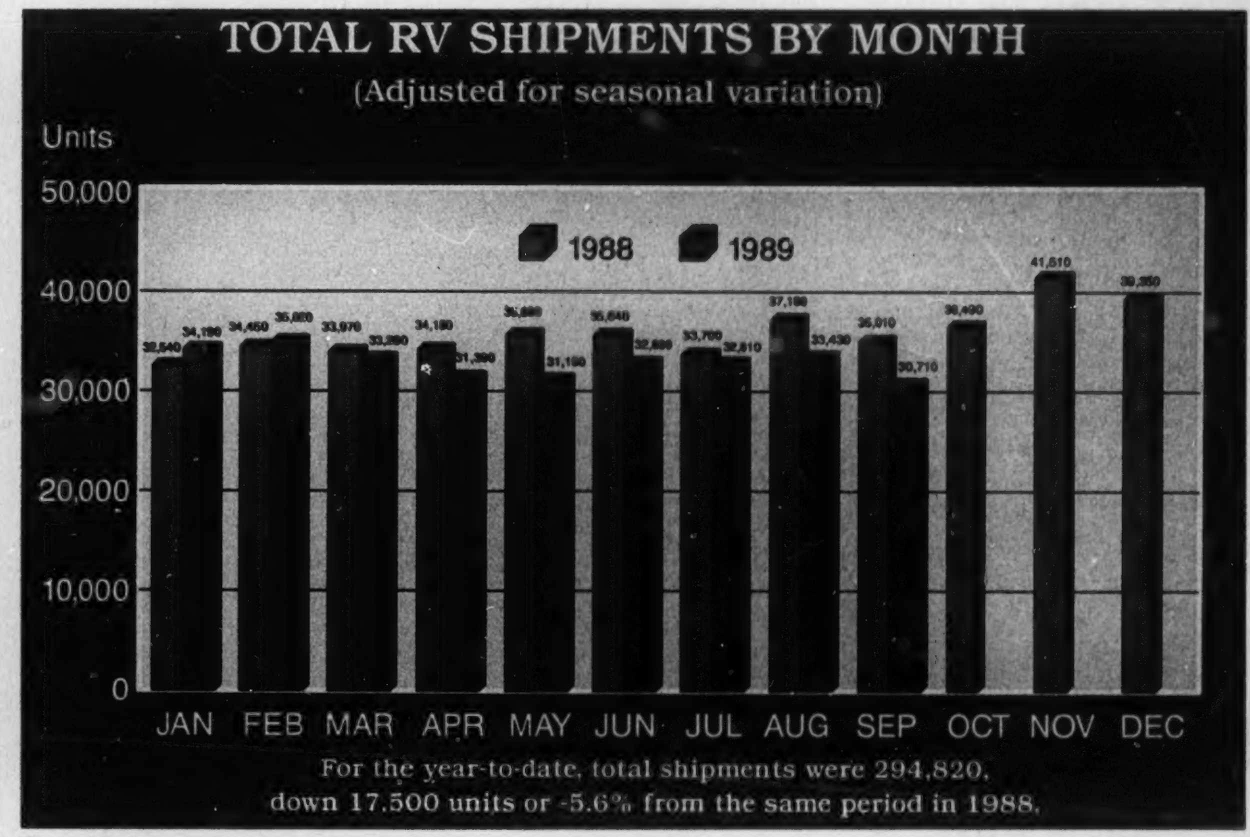


Figure 1

People in the RV industry, like all other Americans, enjoy their numbers, whether football statistics, weather data or shipment figures. Good news or bad, there is an urge to have every change quantified so that the numbers can be displayed, discussed, dissected and disputed.

Give us a wonderful event or a disaster, and we need to know how it compares with all previous such occurrences. Was this earthquake the biggest ever? Did this hurricane exceed the one we had last time around? Did that home-run hit fly longer than the one Mickey Mantle hit in Washington against the Senators?

These days, the RV industry is asking similar questions about shipment figures. How bad is it? When, if ever, was it worse? In effect, were there ever people who experienced similar conditions?

After all, if we can establish that there was never a worse time, then we are special as witnesses and survivors of these times; somehow there is comfort in knowing that we are experiencing the worst times that mankind has ever had. It is an exercise in comparative, competitive hand-wringing.

From Figure 1, it can be seen that September's total RV shipments, adjusted for normal seasonal variations, were the lowest seen in 1988 or 1989. In fact, you would have to go back 40 months, to May 1986, to find a single month with a level as low as the 30,710 units reported in September '88.

After moving up in August, total shipments took a nosedive in September, dropping nearly 4,300 units, or 12.3%, from September 1988. At 1989's three-quarter mark, shipments were thus down by more than 17,500 units, or 5.6%, from the same point in time a year earlier. This deficit is roughly equivalent to running two weeks behind the pace of 1988. Alternatively, the 1989 shortfall for the year-to-date was about the same as closing 27 minutes earlier each work day in 1989 than in 1988.

The Detailed View

Yet, moaning and wailing based on September's total shipments would be ill-founded. The big decline of September was all in one area: van conversions, which dropped by more than 2,800 units (15.7%) from August. Figure 3 clearly indicates that towable shipments were unchanged, and motorhomes as a group even realized a small advance.

Although few would be satisfied with a flat-to-slow growth environment, the evidence was clear that the industry was *not*

GRAPHICS: CUSTOM COLOR VISUALS

RVIA SHIPMENTS

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:		
Conventional	13.58	13.96
Park Models	1.97	1.78
Fifth-wheels	7.41	7.50
Folding Camping Trailers	8.43	10.10
Truck Campers	2.55	2.61
TOTAL TOWABLES	33.94	35.96
Motorhomes:		
Class A	9.24	9.95
Class B Van Campers	1.32	1.21
Class C:		
Minis	4.52	5.06
Low Profiles	0.40	0.50
Micro-minis	0.60	0.60
TOTAL MOTORHOMES	16.08	17.32
Multiuse Van Conversions	49.97	46.72

Percentages may not add to total because of rounding.

Figure 2

falling off the edge of the earth.

For example, after months of poor performance, folding camping trailers led all other towables by advancing a modest 200 units, or 7.3%, in September, although this gain was offset by declines in travel trailers. Only Class C minimotorhomes declined in the motorized group in September; minis achieved the distinction of experiencing their lowest level of shipments in the past four years.

Van conversions were still running marginally ahead of last year's pace, nearly 1,400 units up for the year by September. Nonetheless, they had not been as low as this September's level since March 1988.

Figure 2 shows that, for the year-to-date, the weakness in the industry was widespread. Towables were down nearly 11% for the first nine months compared with a year ago, and motorhomes were off by more than 12%. Still, the declines of folding camping trailers accounted for nearly 55% of the shortfall in towables and more than 38% of the deficit in total shipments for the year-to-date.

After topping the 50% mark in market share for two months, the September decline in van-conversion shipments pushed those popular units once more below the halfway mark. For the year-to-date, as seen in Figure 2, van conversions hovered just below 50%, after gaining 3.25% in market-share points during 1989.

About three-fifths of the market gain by conversions was at the expense of towable units; to be more specific, more than half of the market-share gains of van conversions have been wrung from folding camping trailers.

A Quarterly View

By studying the past 15 quarters, since the beginning of 1986, we can put 89's July-to-September figures in perspective.

Total shipments in the most recent quarter ranked ninth among the last 15 quarters. At 96,950 units, the third quarter of 1989 was 17.4% below the peak quarter, which ended last year at 117,340 units, but was only 4% off the bottom second quarter of 1986. This tells us that this recent quarter has not been unusual in total volume.

For motorhomes, however, the picture was not pleasant. Total motorhome shipments had their worst three months in the quarter just past. Not only were motorhome shipments, as a group, at their lowest quarterly level of the past four years, but quarterly shipment levels of Class B van campers, and Class C minis and low-profile units all ranked 15th for the past 15 quarters. Micro-minis did only a bit better at 14th place.

Towable shipments in the third quarter of 1989 did somewhat better, ranking 11th. They rested about 13% below their peak in the second quarter of '88 and close to 9% above the bottom level in the second quarter of 1986. Within the towables group, truck campers fared best, ranking eighth, or a full 50% above their low point in the first quarter of '86 and only 10% off their high in the third quarter of 1988.

The best record was that of van-conversion shipments. This past quarter was the third highest for those units in the past four years, about 18% above their low in the fourth quarter of '86 and 18% below the high of the fourth quarter of '88.

The range in numbers for the past 15 quarters is also of interest. The difference between the top quarter for conventional travel trailers and their lowest quarter was less than 2,700 units. This means that the best quarter (the first quarter of 1987) was only 20% higher than the worst quarter (the third quarter of '89). No other model type had such a small spread between its best and worst quarters. For the entire industry, the range was 24,150 units (from the low in the second quarter of '86 to the high in the fourth quarter of '88), or nearly 26%. Hence, a difference of just 370 units a day in shipments was the difference between the best and the worst quarters.

All of these data confirm that parts of the industry are experiencing low levels of shipments. Yet only motorhomes, as a group, are at a quarterly low point, and only Class C minis among the motorhomes had their worst month in recent years. Hence, those who would brag about how they have weathered "the worst of times" will have to wait for their moment of joy. The rest of us would just as well not see such delight. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

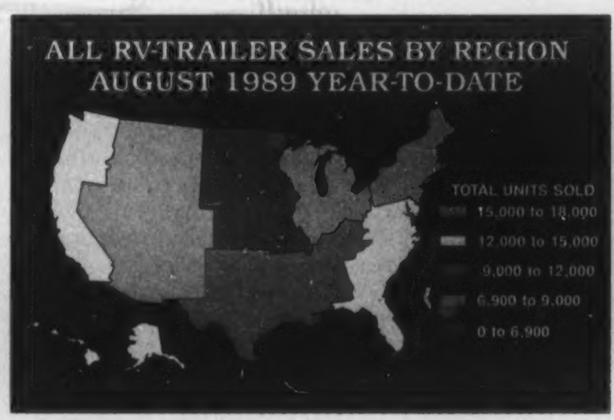
RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

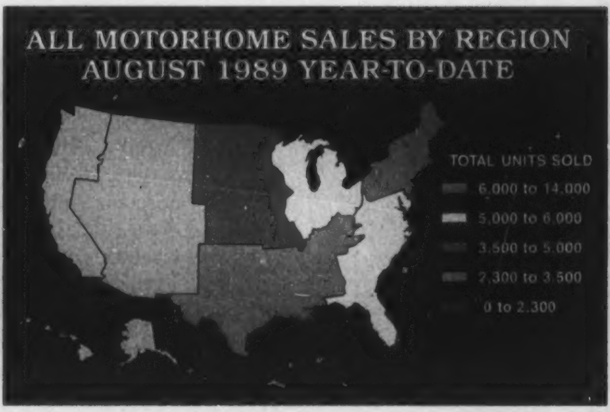
Type of Units	Sep 1989	Change From Aug 1989 Number	%	Year-to-Date 1989	1988	Change Number	%
TOTAL RVs	30,710	-2,720	-8.1	294,820	312,350	-17,530	-5.6
Travel Trailers:							
Conventional	4,450	-30	-0.6	40,020	43,610	-3,590	-8.2
Park Models	500	-130	-20.2	5,800	5,570	230	4.1
Fifth-wheels	2,330	-60	-2.3	21,860	23,420	-1,560	-6.6
Folding Camping Trailers	2,870	200	7.3	24,860	31,560	-6,700	-21.2
Truck Campers	800	10	1.6	7,530	8,160	[illegible]	[illegible]
TOTAL TOWABLES	10,950	0	0.0	100,070	112,310	-12,240	-10.9
Motorhomes:							
Class A	2,670	190	7.6	27,230	31,080	-3,850	-12.4
Class B Van Campers	480	0	0.7	3,880	3,780	100	2.6
Class C:							
-Minis	1,150	-150	-11.7	13,330	15,810	-2,470	-15.6
-Low Profiles	120	50	74.5	1,190	1,550	-360	-23.3
-Micro-minis	290	10	3.6	1,790	1,890	-100	-5.3
TOTAL MOTORHOMES	4,590	100	2.2	47,410	54,090	-6,680	-12.4
Multiuse Van Conversions	15,170	-2,820	-15.7	147,330	145,940	1,390	1.0

Figure 3

AUGUST SALES TAKE A BREATHER

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

The retail-registration numbers for August 1989 showed that RV-trailer sales volume was down by 11.2% compared with August of last year, while the motorhome market was down by 13.8% from August 1988. Those August numbers represented a 1.26% improvement in RV-trailer sales compared with July 1989, but the motorhome market was off by 29.5% from July.

As noted above, the RV-trailer market as a whole was down 11.2%, or 1,355 units, in August when compared with August 1988.

Figure 1 lists the seven regions of the country ranked by the percent of change in RV-trailer sales from the previous August. In the leading South Central region, which had the only percentage increase in sales, Alabama reported the largest gain in August. In the trailing South Atlantic region, South Carolina had the largest percentage decline when compared with August 1988.

For the year-to-date, the RV-trailer market in August was down by 8.5%, or 7,758 units, when compared with sales for the first eight months of 1988.

Figure 2 shows the regional rankings based on the percentage change in year-to-date trailer sales compared with 1988. In the top South Central region, Louisiana had the largest percentage gain for the year-to-date. The Northeast region was ranked last, with Maine having the largest decline.

Meanwhile, the motorhome market was down 13.8%, or 828 units, in August when compared with August 1988.

Figure 3 provides the rankings of the seven national regions based on the percentage change in motorhome sales when compared with last August. The South Central region once more led the way, with Oklahoma experiencing the largest percentage gain from August 1988. In the bottom-ranked South Atlantic region, West Virginia came in with the largest decline.

Year-to-date numbers showed that the motorhome market was down by 7.4%, or 3,190 units, by August when compared with last year's January-August cumulative sales.

The seven national regions are ranked in Figure 4 according to the percentage change in motorhome sales from the same eight months of 1988. The South Central region continued at the top, with Texas

RV TRAILERS, AUGUST '89

Aug. '89 Rank	Region	% of Change From Aug. '88	July '89 Rank
1	S. Central	13.0	2
2	Mountain	1.0	1
3	W.N. Central	–10.3	3
4	Northeast	–10.8	6
5	E.N. Central	–11.9	7
6	Pacific	–20.6	4
7	S. Atlantic	–22.8	5

Figure 1

RV TRAILERS, YEAR-TO-DATE

Aug. '89 Rank	Region	% of Change Year-to-date	July '89 Rank
1	S. Central	– .2	1
2	Mountain	–3.7	2
3	W.N. Central	–7.5	6
4	Pacific	–8.6	3
5	S. Atlantic	–9.5	4
6	E.N. Central	–11.0	5
7	Northeast	–13.0	7

Figure 2

MOTORHOMES, AUGUST '89

Aug. '89 Rank	Region	% of Change From Aug. '88	July '89 Rank
1	S. Central	.5	5
2	E.N. Central	–7.3	4
3	Pacific	–9.9	1
4	Northeast	–13.8	7
5	W.N. Central	–17.1	2
6	Mountain	–25.5	3
7	S. Atlantic	–27.9	6

Figure 3

MOTORHOMES, YEAR-TO-DATE

Aug. '89 Rank	Region	% of Change Year-to-date	July '89 Rank
1	S. Central	– 2.5	3
2	W.N. Central	– 5.0	2
3	Pacific	– 5.7	1
4	E.N. Central	– 6.3	4
5	Northeast	– 8.6	6
6	Mountain	–12.1	5
7	S. Atlantic	–12.5	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

AT RETAIL *continued*

recording the largest percentage gain for the year-to-date. In the lagging South Atlantic area, Virginia had the largest decline.

Overall, it seemed that the RV market stopped to take a breath in August. The motorhome market, which advanced by 15.6% in July compared with July 1988, dropped back with a 13.8% decrease in August compared with the same month a year ago. However, the RV-trailer market's August sales did show some improvement over its July 1989 tally.

The market may be experiencing the effect of low dealer inventory. As of August, the industry had experienced a number of months with strong retail and weak wholesale figures. This meant that there had been a selling off of inventory. But if dealers bring down inventories too far, there may be delays in supplying units at the retail level or, at worst, lost retail sales. Inventory levels present a balancing problem that both the RV-trailer and motorhome markets will be forced to deal with in the 1990-model year. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry.

Are You a Lug Nut?

Is lugging around all that expensive, space-stealing, bottled water driving you nuts? You don't have to do it.

Ask your RV dealer for an Everpure Water Purification System. You'll have great tasting, disinfected water right from your sink. Worry free, easy, anywhere in the world. It can cost as little as 6¢ per gallon.

Installation is easy. All hardware is included. Maintenance is a snap, too. The annual filter change takes less than a minute. Winterizing is simple, thanks to the antifreeze diverter.

At RV dealers everywhere.

EVERPURE.
Everpure, Inc., Westmont, IL 60559

Send for FREE booklet: What Every RV Owner Should Know About Water.

Operational, maintenance and replacement requirements are essential for the product to perform as advertised.

©1988 Everpure, Inc.

Our ideas keep getting bigger

Play-Mor's 25th Anniversary

and better!

When you see a Play-Mor trailer, you're looking at over 25 years of quality manufacturing experience by the Willibrand family of Missouri. From Minis to our Continental Anniversary Edition Fifth Wheels, the Play-Mor name is your guarantee to positive profits. Dealerships available in key markets. Call today.

25 years of the best ideas in RVing!

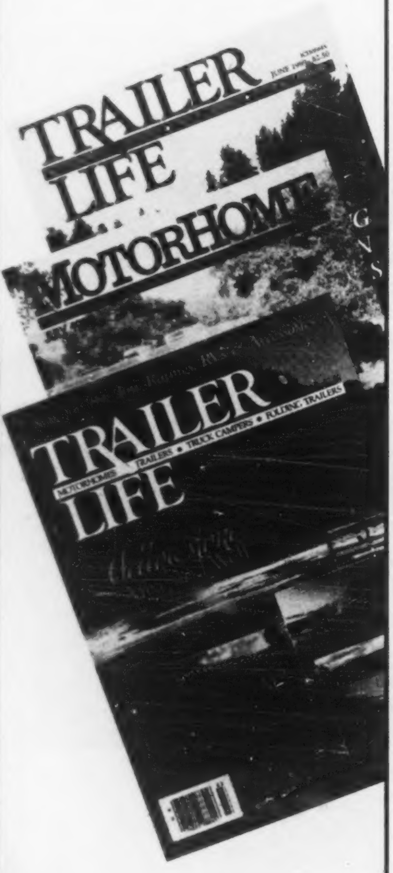
Play-Mor

Hwy 63 South Westphalia, MO 65085 Telephone (314) 455-2322

MAXIMIZE YOUR PROFITS WITH TRAILER LIFE AND MOTORHOME

Two Essential RV magazines that will maximize your profits and provide your customers with essential RV information, including product evaluations, tests, travel trips and vacation ideas. To include **Trailer Life** and **MotorHome** in your product line, write to:

Trailer Life and **MotorHome**
P.O. Box 4000
Agoura, California 91301
Attn: Bulk



BLUE CHIP CONSENSUS

'90 GNP GROWTH FORECAST IS LOWERED

ROBERT J. EGGERT SR.

For the second month running, the November consensus forecast of 1989 real gross national product (GNP) – for year-over-year, inflation-adjusted GNP growth – came in at 2.9%. This estimate was just four-tenths of a percentage point higher than the October 1988 consensus forecast for 1989 growth.

Meanwhile, the consensus forecast of the nation's real output of goods and services in 1990 dropped a tenth of a percentage point in November to a sluggish 1.7%. About half of our panel members cut their forecasts of real growth next year, with many citing the recent disappointing trade figures and continued slow growth in the nation's money supply.

Outlook on Inflation

Though prospects for economic growth this year and next either held steady or deteriorated a bit, the outlook for inflation continued to improve. The consensus forecast of the year-over-year percent change in both the 1989 GNP implicit price deflator and the Consumer Price Index (CPI) fell one-tenth of a percentage point to 4.2% and 4.8%, respectively. On an even brighter note, consensus forecasts of expected change in both the deflator and CPI during 1990 fell two-tenths of a percentage point, to 4.0% and 4.2%, respectively.

Recession's Start Date Delayed

What did the Blue Chip panel say about the timing of the next recession? November's results are shown below, along with the results of our polls taken in May and August 1989. The consensus panel members' prognoses of the year in which the next recession will begin are expressed as percentages of those who responded to our polls. *(See chart below.)*

By November, several of the panel members who had expected a recession to begin in 1989 or 1990 were pushing it into the future by a year or more. But, they were standing by their earlier forecast that, when it does come, it will last between two and four quarters, and will be milder than the 1982 downturn in real growth.

Interest Rates to Ease More

The Blue Chip Consensus expected short-term interest rates to decline another one-half percent from recent levels by the second quarter of 1990. Long-term rates were also expected to soften, but by a lesser amount.

A sluggish economy and a moderate drop in consumer prices were the major factors suggesting a weakness in the cost of money.

Eggert's Summary

The consensus continues to forecast that the U.S. economic engine will just chug along in low gear next year. The possibility of the start of a recession still remains – though it's generally expected to be short and mild. Vigilance is still the watchword! Δ

Robert J. Eggert Sr., president of Eggert Economic Enterprises Inc., derives his unique forecasting method from a monthly telephone polling of top economists. His address is P.O. Box 1569, Sedona, Ariz. 86336; (800) 282-4883.

	Latest Poll	**What They Said In:**	
Year	November	August	May
1989	06%	25%	21%
1990	29	30	47
1991	35	27	19
1992 or beyond	30	18	13
Number responding:	50	44	52

RV BUSINESS

JANUARY 8, 1990

TLE1 20814 069100 STA
*C 9007 958 BVR
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
4420 EAST WEST HWY 800
BETHESDA MD 20814

C8950-2

7 Fleetwood Details Acquisition of Coleman Trailers

7 Winnebago Gets New President, Drops Council

9 Country Coach Picks President

9 SeaLand, Thetford Agree on Calif. Regulation

9 Truck-Cap Group Plans First Show

10 Consumer Care Group Adopts Policy Wording

10 New Chassis Use Chrysler Components

11 Converters See Truck Upfits As Growth Area

12 Rocky Ridge Starts Class B Production

13 Mallard's New CEO Outlines Plans for Firm

13 Ariz., Wash. Appeal on RV Electric Code

Mood Upbeat, Sales Good at Louisville Show

In the fall of 1989, amid slow RV shipments and rampant talk of recession, many in the RV industry expressed some serious qualms about what to expect at the 27th Annual National RV Trade Show in Louisville, Ky. So, it seems to have come as a surprise to many that 1989's RVIA-sponsored Louisville Show was, in almost every way, a success.

Many attendees apparently left 1989's Nov. 28-Dec. 1 show – the largest annual U.S. RV-trade exhibition – with more positive outlooks for 1990. "We had a hard time anticipating what to expect at the show," said Perry Yoder, director of sales and marketing for Carriage Inc., Millersburg, Ind., expressing the general sentiment prior to the Louisville event. "But, when dealers started coming in, and their attitudes were pretty upbeat – and considering the new dealers we signed up and the business that we wrote – we came out pretty happy with the show."

Attendance at the 1989 Louisville Show, which included 102 RV manufacturer and 234 supplier exhibitors occupying a total of 504,694 square feet, was up to par, according to RVIA officials. The total gate count of 9,334 was very close to the previous year's 9,242. And 1989's total dealer attendance of 4,500 (including parts and accessory distributors) was almost identical with 1988's 4,571 tally.

Dealer attitudes, an important but subjective indicator, were also positive, according to dealers and exhibitors interviewed. RV dealers now seem to be cautiously looking forward to "steady" and "decent" 1990 sales. RV dealers were also ordering at a fairly robust clip at

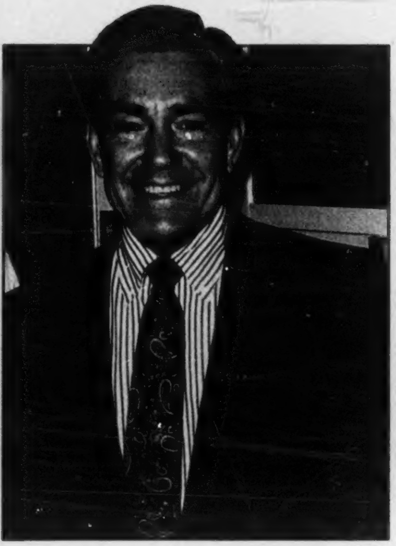
continued on page 7

SHOW TIME: For details on the Florida RV SuperShow in Tampa, Fla., and the Coast Connection 1990 Dealer Advantage Trade Show in Las Vegas, Nev., see pages 33 and 38.

RV BUSINESS

VOLUME 40, NUMBER 19 JANUARY 8, 1989 TWO DOLLARS

15



42

NEWS AND TRENDS

Industry News 7

RV People 15

FEATURES

1990 Industry Forecast 19

RV makers, economists and Wall Street analysts seem to agree that, after traveling a bumpy road in 1989, the RV industry will be making smoother progress as it enters the new decade.

- **Quarterly Forecast** 20
- **Manufacturers Look Ahead** 22
- **Fleetwood Examines the Future** 22
- **Wall Street's Reading** 29

Florida RV SuperShow 33

Floorplans, exhibitor lists and an outline of special events highlight the excitement to expect at the Florida RV Trade Association's 1990 Florida RV SuperShow in Tampa, Fla.

Coast Connection Show 38

Our guide to the second annual Coast Connection Dealer Advantage Trade Show in Las Vegas, Nev., includes a complete exhibitor list and a calendar of events.

DEPARTMENTS

Legal 40

Dealer Concept 42

Calendar 44

In Brief 46

Profitmakers 48

Index to Advertisers 50

Classified Advertising 52

New Literature 53

Commentary 54

COVER PHOTOS: COURTESY OF LAS VEGAS NEWS BUREAU AND THE FLORIDA RV TRADE ASSOCIATION

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly; an annual industry directory is published as the second February issue. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

1990 FORECAST

MORTON J. MARCUS

Figure 1

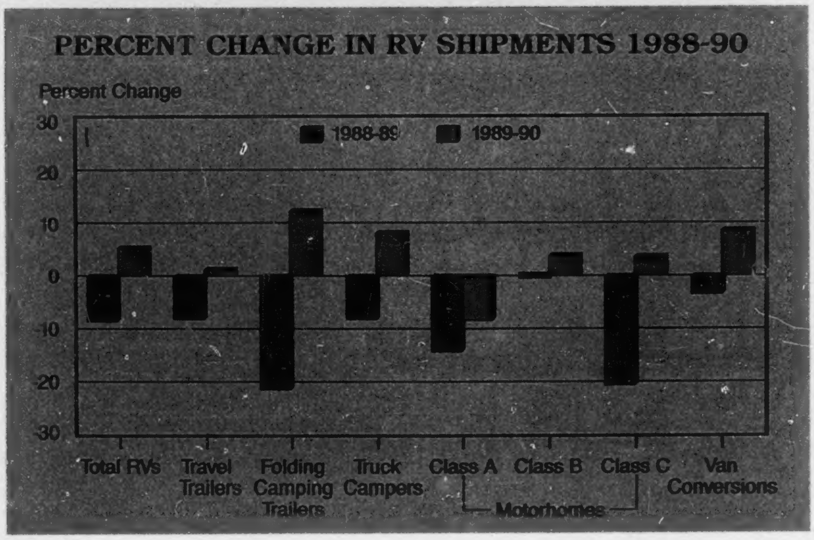


Figure 2

Three months ago in this space, we suggested: "The industry slump of early 1989 should be over." At that time, we forecast that the bottom in the current cycle of RV shipments had been reached in the second quarter of 1989, and that we would see improvement as the year progressed.

Nothing we have seen in the third quarter has altered that view.

Comparing Forecast and Reality

Total shipments in the third quarter of 1989 did increase by 2,100 units from the low point of 95,500 units reached in the second quarter of 1989. *(See Figure 1.)* However, total shipments, three months ago, were forecast to rise to 98,200 in the third quarter. Apparently our optimism was a bit excessive; shipments came in 600 units below what we had forecast, only a 0.6% error.

Third-quarter van conversion shipments came in 400 units below our earlier forecast (an 0.8% miss). And we failed to anticipate the 3.6% growth of towables, as these units rose by 1,200 units more than our expectations, reaching 33,400.

But our widest margin of error occurred in the motorhome segment, where our previous forecast overshot by 1,400 units, or 9.8%. Virtually all of that error was in the prediction for Class C units.

Indeed, except for Class C's, our forecast called the direction of change correctly in each of the seven types of units for which we made third-quarter forecasts.

Now, what does the Indiana University Quarterly RV Forecast have to say about the industry in 1990?

Slow, Steady Growth in '90

Each quarter to the end of 1990 is expected to be an improvement over the preceding quarter for the RV industry. The full year of 1990 should come in above 400,000 units once again, about 20,000 units, or more than 5%, above the level for 1989.

We still expect 1989 to close out below 400,000 total units, a decrease of 36,000 units (or a drop of 8.5%) from 1988. However, as can be seen from Figure 1, the annual data mask the good news somewhat: The change from the last quarter of 1989 to the end of 1990 should give the industry an increase of nearly 8%, a most healthy growth rate.

Thus, by the last quarter of 1990, total shipments should be running at an annual rate of just under 425,000 units.

The Detailed Outlook

All segments of the RV industry will finish 1989 below the shipment levels of 1988. *(See Figure 2.)* Even Class B motorhome shipments, which in our last forecast we expected to stand alone among RV types with a small positive gain, now are forecast to be flat for the year.

By contrast, 1990 is a year of recovery in virtually every market segment.

Towables as a group are expected to advance in 1990 by 5,500 units, or 4.1%, beyond the 132,600-unit mark we anticipate as the total for 1989. (It should be recognized that, at this writing, fourth-quarter 1989 data are not available.)

After a year in which folding camping trailers are likely to have fallen behind by 9,000 units, or a significant 21% decline, 1990 offers an expected increase of 3,700

GRAPHICS: CUSTOM COLOR VISUALS

ANNUAL TRENDS

	1988	1989	1990
	Revised	— Forecast	—
Unit Auto Sales (millions)	10.6	10.0	8.7
Unit Housing Starts (millions)	1.5	1.4	1.3
Federal Budget Deficit (billion $)	145.9	153.1	173.9
% Change in Compensation per Manhours	5.0	5.7	5.4
Productivity	1.5	0.4	0.5
Unit Labor Costs	3.5	5.3	4.9

(Compensation – Productivity = Unit Labor Costs)

Figure 3

KEY FACTORS IN THE FORECAST

	1988	1989	1990
	Revised	— Forecast	—
Prime Interest Rate (%)	9.3	10.9	10.0
Value of the Dollar (1973 = 100)	92.8	98.8	96.0
Unemployment Rate (%)	5.4	5.2	5.6
% Change at Annual Rates:			
Money Supply (M2)*	5.1	3.8	7.7
Real Disposable Personal Income	4.4	3.9	1.1
Consumer Price Index	4.1	4.9	5.2
Food & Beverages	4.1	5.7	4.8
Motor-Fuel Prices	0.8	10.8	5.0

*M2 consists of the nation's basic money supply of currency, plus demand deposits, plus savings accounts at commercial banks.

Figure 4

units, or a 12% rebound. This will bring the fold-down segment back to within 13% of its 1988 level.

Similarly, travel trailers will recover in 1990 to within 7% of their 1988 level during the next 12 months, and truck campers should be almost at their 1988 level by the end of 1990.

Motorhomes are a different story – at least on the surface.

In total, shipments for the motorhome group are expected to decline by 2,100 units, or 3.4%, in 1990 compared with 1989. But an examination of Figure 2 shows that all of this anticipated shortfall in shipments can be traced to a decline in Class A motorhome shipments.

In 1989, Class A shipments are expected to have dropped by 5,900 units from 1988; in 1990, they are forecast to again lose about half that volume (3,000 units). The small gains predicted for Class B van campers and Class C minimotorhomes will not offset the Class A deficit.

However, it should be noted that the rate of decline in 1990 has clearly slowed for Class A units. Further, our detailed forecast indicates that, in terms of quarterly volume, the Class A segment can look forward to a very stable year in 1990.

In contrast to Class A's, van conversions in 1990 will resume their march toward an increased role in the RV market. This forecast is identical with that provided three months ago: Van conversion shipments should achieve 216,000 units in 1990. After a fall of 7,400 units (3.6%) in 1989, van conversions are expected to advance by 16,600 units (8.3%) in 1990.

ANNUAL GROWTH RATES AFTER ADJUSTMENT FOR INFLATION

	1988	1989	1990
	Revised	— Forecast	—
Gross National Product	4.4	2.8	1.6
Consumer Spending	3.4	2.8	2.1
Business Investment	8.4	3.9	4.4
Residential Investment	– 0.3	– 2.7	–4.4
Exports	17.6	10.5	6.3
Imports	6.8	7.3	6.8
Govt. Purchases			
Federal	– 3.2	2.8	–1.2
State & Local	3.2	2.6	1.4

Figure 5

Hence, conversions will emerge next year in a stronger market position. Whereas, in 1988, van conversions equaled just under 45% of the RV market, they will have a 52% share by the end of 1990.

The National Outlook

The national economic slowdown is expected to continue through the winter of 1989-90. Our current forecast indicates that the slowest periods of growth are likely to be experienced in the last quarter of 1989 and the first quarter of 1990. Thereafter, the pace of economic activity improves but does not promise to be more than warm. There are no red-hot days in this forecast.

For 1990, real gross national product (GNP), the value of goods and services produced in our economy after adjustment for inflation, will rise by just 1.6%, after a 2.8% growth rate in 1989 and 4.4% growth in 1988. *(See Figure 5.)*

Befitting such slow growth, consumer spending will slow to a 2.1% increase in 1990. In fact, with its projected 4.4% increase, business investment will look like a leading growth sector. This gain, however, is likely to be offset by a 4.4% decline in residential investment.

There also is little stimulus expected from either exports or government spending in 1990. The political miracles of Eastern Europe are unlikely to be translated into sales by American firms this year. These economies have massive internal problems to resolve before they can become active in international markets. Federal spending is likely to decline – a rarity. And, except for the repairs required after 1989's hurricanes and earthquakes, state and local governments are not expanding their purchases of goods and services.

A key factor in the RV forecast is the path of interest rates. As seen in Figure 4, we do not foresee extensive relief from the high rates of 1989 in the year ahead. Interest rates have declined already from their peaks in '89, but much additional improvement (from the viewpoint of borrowers) is not expected. In fact, we predict that the present round of interest-rate declines will be terminated by the summer of 1990 and that rates will then increase moderately.

Most of that interest-rate forecast is based on assumptions that we necessarily must make about the behavior of the Federal Reserve System. This agency is unlikely to support lower interest rates unless there are significant increases in unemployment and a major slowdown in national economic growth. Neither of those events are expected in 1990. With no recession in sight, so that unemployment is unlikely to advance to 6%, there will be little incentive for the Fed to ease monetary policy by increasing growth of the money supply.

Prices are not expected to take off, although there will be a residual amount of inflationary pressure in the economy. Consumer prices are forecast to rise by 5.2% in 1990, compared with a 4.9% increase in '89. Motor-fuel prices for RV owners, however, should just about keep pace with the general level of price increases and therefore should have no adverse effect on RVs.

The slow growth of the economy manifests itself, as ever, in the auto and housing markets. *(See Figure 3.)* Automakers are already in trouble and have responded with layoffs and closings. Total unit sales of automobiles for 1990 are anticipated to be 13% below 1989 levels, while housing starts are expected to decline by more than 8%.

Perhaps the best news in this forecast is that the growth of unit-labor costs should decline in 1990. This will help lessen future inflationary pressures and help make American products more competitive both at home and abroad.

In sum, there is *no recession* in this 1990 forecast by our model, but we need to look elsewhere than the economy for fast-paced activity. The RV industry is expected to improve in 1990 because, in general, interest rates are not likely to be as high as in 1989.

With moderating inflation, the prospects for 1991 do look brighter than they did a few months ago, but we will have to get further into 1990 before an early reading on '91 can be given. Δ

This forecast is a product of the Center for Econometric Model Research at Indiana University, R. Jeffery Green, director. The RV industry forecast was generated by Vinay Kansal; the verbal interpretation of these data, however, is the sole responsibility of the author. TL Enterprises Inc. is one of several private firms which support the Center and its quarterly forecasting activities.

C8950-2

RV BUSINESS

TLE1 20814 069100 STA
*C 9007 958 BVR
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
4420 EAST WEST HWY 800
BETHESDA MD 20814

JANUARY 22, 1990

7 Building of Hall of Fame Under Way

7 Chrysler Expands Role in RV Chassis Market

7 RVIA to Set New 12-Volt Standard

8 Hehr Buys Powerline Operation

8 Etnom, Trans American Combine

8 Georgie Boy Output Unaffected By Plant Fire

9 Open House Wins Early Support

9 Acquisition Joins BMC, Valley Divisions

11 Bivouac Sees 1990-91 Sales, Market Growth

11 Weiss Industries Changes Hands

Efforts Made To Ease Calif. RV Licensing

An industrywide campaign involving RVIA, local dealer associations and TL Enterprises Inc. (TLE) is under way to ease special driver-licensing regulations that have been issued by the California Department of Motor Vehicles (DMV).

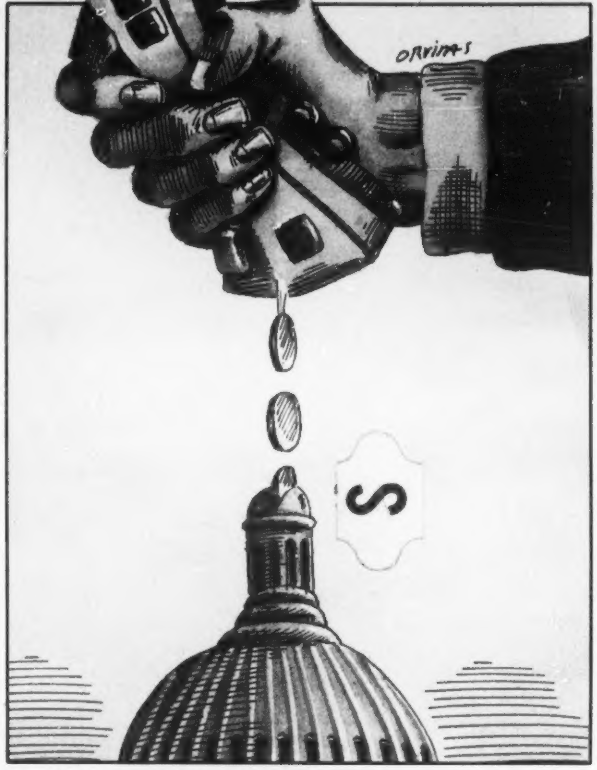
The licensing issue garnered public attention and industry involvement early in 1989, when the DMV began sending notices to California drivers indicating that they must apply for commercial Class A licenses if they tow recreational trailers with a gross vehicle weight rating (gvwr) of more than 10,001 pounds.

California DMV officials later corrected that gvwr figure to 9,000 pounds. And, just before the issuance of the new licensing procedures, officials made yet another correction to the weight limits, stating that licensing requirements affect recreational trailers with a gross weight, not a gvwr, of more than 9,000 pounds.

After a period of uncertainty, during which it appeared that recreational trailerists would still be subjected to stringent tests designed for commercial truckers, the DMV announced last December that it had formulated new written and driving-skills tests designed specifically for recreational trailerists. However, RV-trailer towers would still be required to pass a medical examination that was originally designed for commercial truckers, DMV officials confirmed.

Carole Waggoner, director of the DMV's Policy and Programs Division, who met last December with staff members of TLE

continued on page 8



NO RV TAX: The American Recreation Coalition has won an assurance from the Bush administration that an excise tax on RVs will not be included in fiscal 1991 budget proposals. See the story below.

Excise Tax on RVs Blocked

Aggressive lobbying, spearheaded by the American Recreation Coalition (ARC) on behalf of a range of recreation-industry interests, has won assurance from the Bush administration that proposed excise taxes on recreational vehicles will not be included in the budget proposals for fiscal 1991.

Despite the administration's decision to abandon the tax proposal, however, industry sources remain concerned that, now that the excise-tax idea has garnered public attention, some form of the proposal could reappear later this year as Congress seeks revenue sources to trim the budget deficit.

The specter of a tax on RVs first arose in late December when a *Washington Post* newspaper story reported that excise taxes on recreational products, ranging from 1% to 2.5%, were being proposed by the Office of Management and Budget (OMB) to help pay for some $588 million in environmental and recreation programs planned for the 1991 fiscal year.

The new taxes would have affected purchases of RVs, off-road vehicles, camping equipment and pleasure boats. And it was reported that RVs would be subject to the higher, 2.5% excise tax.

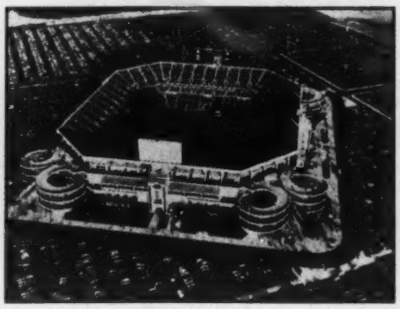
According to the *Post* article, President Bush, despite his

continued on page 10

RV BUSINESS

VOLUME 40, NUMBER 20 JANUARY 22, 1990 TWO DOLLARS

13



33

COVER ART: KEN ORVIDAS

NEWS AND TRENDS

Industry News 7

RV People 13

RVIA Shipments 14

At Retail 18

Blue Chip Consensus 21

FEATURES

Winning in the Off-Season 22

While some dealers watch winter sales follow temperatures down to zero, others have found ways to heat up their off-season business. Tactics range from selling Christmas trees and snow blowers to sponsoring winter sports contests and hyping unique sales events.

The Custom-Truck Trend 34

As the popularity of light-truck upfits grows, many converters are beginning to cater to the "trick truck" market. Converters discuss market trends and promotional efforts.

Miami Travelcamping Show 33

Exhibitor listings and a calendar of events are provided for visitors to RVDA's 20th Annual Miami International Travelcamping Show at Joe Robbie Stadium, the show's new home outside of Miami, Fla.

1989 Editorial Index 47

For the convenient reference of our readers, all features and departmental columns appearing in RV Business *in 1989 are listed alphabetically by subject, with corresponding issue dates.*

DEPARTMENTS

Dealer Concept 42

Marketing 43

Service 44

Calendar 48

In Brief 50

Profitmakers 51

Classified Advertising 52

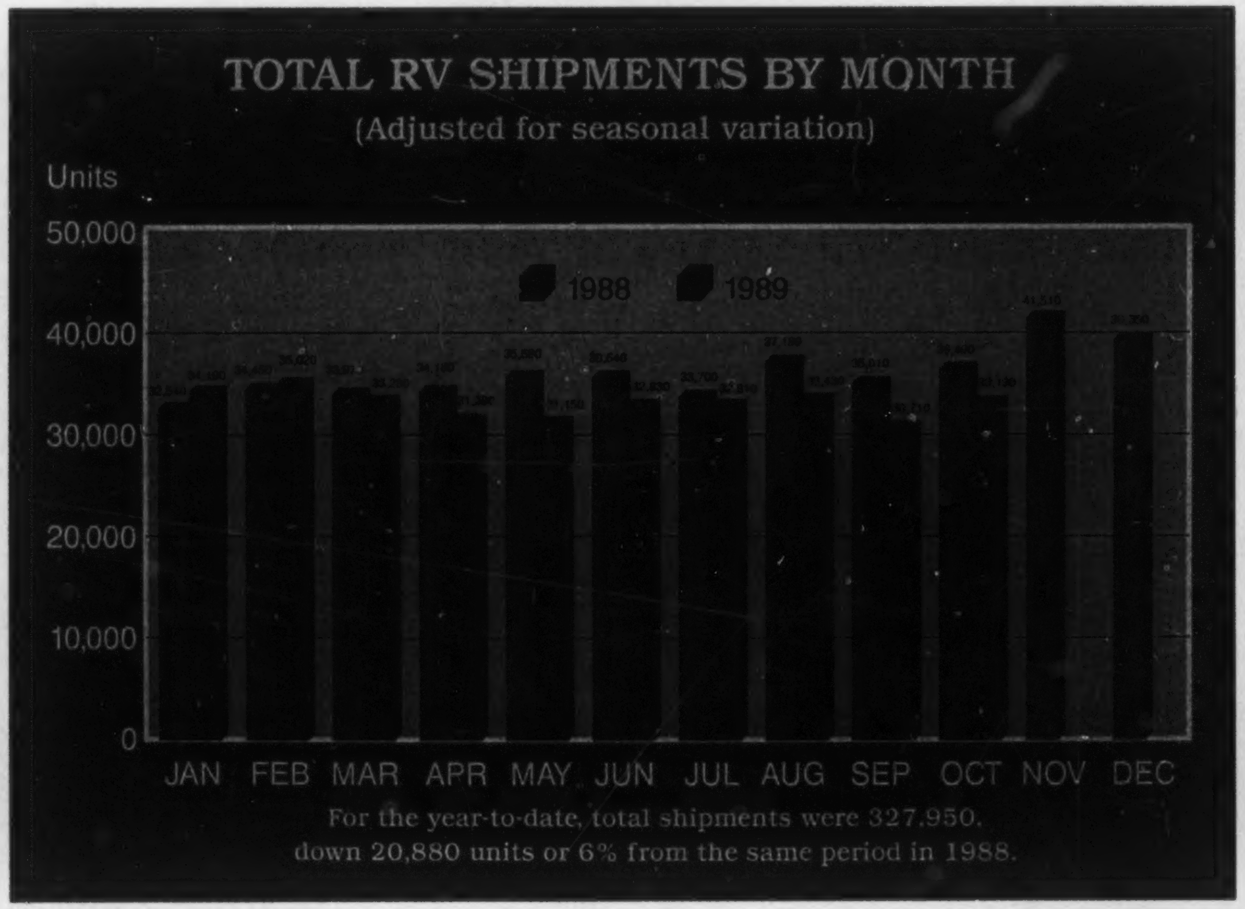
Index to Advertisers 53

Commentary 54

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly; an annual industry directory is published as the second February issue. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

OCTOBER '89 RV SHIPMENTS MADE LITTLE HEADWAY

MORTON J. MARCUS


TOTAL RV SHIPMENTS BY MONTH

(Adjusted for seasonal variation)

For the year-to-date, total shipments were 327,950, down 20,880 units or 6% from the same period in 1988.

Figure 1

Sometimes we don't seem to get anywhere, although we keep moving. The industry is not stalled; it keeps rolling ahead, but the pace is unchanged. And, that is the catch. When you have gone faster, a slower, steady pace can be frustrating. Sharp accelerations followed by quick decelerations only add to the frustration of the seeming lack of progress. Such is the American RV market these days.

After their September 1989 dip, RV shipments came back in October to the narrow range of variation in which they have stayed since March 1989. *(See Figure 1.)* After adjustment for seasonal factors, total shipments in October 1989 reached 33,130 units, *up* 2,420 units from September. This was a healthy gain of nearly 8%.

Before you look for dramatic increases in the value of your RV-company stock holdings, however, note that this gain could be attributed almost exclusively to van conversions. *(See Figure 3.)*

The volume in these units has been bouncing from month-to-month. In September of '89, van conversions were down by 2,820 units and swamped the modest gains made by other types of RVs. But last October, van conversions were up by 2,350 units, or 97% of the gain by all RVs for that month.

Obviously, conversions are a volatile element in the market at this time. Their wide swings have made the entire industry appear to be on a roller-coaster ride. Actually, in the July-through-October period of 1989, motorhomes showed almost no variability, while towables were also stalled for the four months.

GRAPHICS: CUSTOM COLOR VISUALS

What the October '89 figures showed was the eighth consecutive month in which total shipments have been below those of the same month in 1988. This put 1989's cumulative deficit at approximately 21,000 units, or 6% below 1988. As Figure 3 reveals, most types of RVs were off their 1988 paces by the end of last October. The exceptions were van conversions (up by less than 1%) and park models, which advanced by less than 500 units (or 7.6% on small volume).

The Detailed View

The month-to-month differences seen in Figure 3 are so small in most cases that they do not deserve detailed analysis. Given the vagaries of reporting on the part of individual firms and the effects of seasonal adjustment, these differences are too small to merit serious attention. Basically, the RV market for October '89 was, except for van conversions, unchanged from September.

The year-to-date numbers in Figure 3, however, do deserve attention. Every type of motorhome was down for the year as of October 1989. Class A units were off by almost 14%, and Class B van campers dropped 3%. As a group, Class C units did not even total the number of Class C mini-motorhomes shipped at the same point in time in 1988; in fact, Class C motorhomes as a group were down by 17.2%, or more than 3,700 units.

Since April of '89, motorhomes as a group have traced a path every month that was below that of the same months in 1986, 1987 and 1988. It appears that motorhomes will fall 10,400 units behind their 1988 pace by the end of 1989, if this trend holds.

Although motorhome shipments held steady for the three months preceding October '89, the downward trend in motorhomes otherwise ran almost uninterrupted since October 1988.

Towables shipments showed a very similar pattern. They held steady during the July-October period of 1989 after suffering a strong downward movement during the first half of 1989. It is possible that towables shipments for 1989 will exceed total shipments for 1986, but not the totals for '87 or '88. Based on the data as of last October, towables could end up 16,100 units below their 1988 level by the end of '89.

Folding camping trailers accounted for more than 55% of the shortfall in total towables shipments for the '89 year-to-date. Fold-downs also accounted for nearly 90% of the loss in market share experienced by towables through last October. *(See Figure 2.)* As a group, towables had about one-third of the market in October; by way of comparison, towables had held 40% of the RV market as recently as the early months of 1988.

[illegible] TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:		
Conventional	13.56	13.89
Park Models	1.98	1.73
Fifth-wheels	7.40	7.45
Folding Camping Trailers	8.41	10.04
Truck Campers	2.55	2.61
TOTAL TOWABLES	33.88	35.72
Motorhomes:		
Class A	9.10	9.94
Class B Van Campers	1.29	1.25
Class C:		
Minis	4.46	5.13
Low Profiles	0.40	0.48
Micro-minis	0.59	0.59
TOTAL MOTORHOMES	15.84	17.38
Multiuse Van Conversions	50.27	46.90

Percentages may not add to total because of rounding.

Figure 2

Van conversions remained at 50% of the total market in October 1989, although their volatility made their monthly market share bounce wildly in '89. In the 12 months preceding last October's reading, conversions had been over the 50% mark seven times; their high point was in November 1988, when they had more than 56% of the market, while their low came in April '89, with only a 44% market share.

Yet van conversions for all of 1989 are unlikely to match 1988's total. The big gains in market share in '89 were more the result of weakness in other segments of the market, rather than a strong performance by conversions. For the year, the trend indicates a 1989 decline of perhaps 10,000 units from 1988, for an '89 conversion-shipments total of less than 200,000 units.

No News

Next month, our analysis will be able to deal with November 1989 shipment figures. Be forewarned: Those figures could *look* terrible. Remember, in November 1988, we saw a huge (5,000-unit) swell in van conversions. That bulge, and another in December of the same year, distorted the entire fourth quarter of '88. If November '89 shipments advance at the same average monthly rate as they have for 1989 (which has been 32,800 units), the reports will show an addition to the year-to-date deficit of 8,700 units. This will bring 1989's running total to approximately 30,000 units below the tally for 1988.

All that will be dramatic, but it will not be news. The pattern for 1989 was set months earlier; there has been little improvement or deterioration since March of 1989. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

Type of Units	Oct 1989	Change From Sep 1989 Number	Change From Sep 1989 %	Year-to-Date 1989	Year-to-Date 1988	Change Number	Change %
TOTAL RVs	33,130	2,420	7.9	327,950	348,830	-20,880	-6.0
[illegible]							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL TOWABLES	11,080	130	1.2	111,150	124,630	-13,480	-10.8
[illegible]							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Class B Van Campers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]							
Minis	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Low Profiles	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL MOTORHOMES	4,530	-60	-1.4	51,940	60,630	-8,690	-14.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Figure 3

SEPTEMBER '89 RV SALES CONTINUED DOWNWARD TREND

THOMAS WALWORTH

ALL RV-TRAILER SALES BY REGION
SEPTEMBER 1989 YEAR-TO-DATE

ALL MOTORHOME SALES BY REGION
SEPTEMBER 1989 YEAR-TO-DATE

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

September 1989 capped off a down third quarter for the RV industry last year. The motorhome market had fallen behind by 7.26% for the year-to-date in September 1989, while cumulative RV-trailer sales were down by 7.69% compared with the first three quarters of 1988.

The motorhome market (defined as including Class A's, Class A wide-bodies, conventional Class C's and Class C micro-minis) also declined 7.54%, or 387 units, in September '89 when compared with the previous September's tally.

Figure 1 ranks the regions of the country according to the percentage change in September '89 motorhome registrations compared with the same month in '88. In the leading South Atlantic region, Florida recorded the largest percentage gain in the market based on a comparison with September 1988. But part of the gain for Florida was due to the addition of delayed registrations. The East North Central states were at the bottom of the ranking, and Michigan reported the largest decline among those states.

As mentioned earlier, a year-to-date comparison with the first nine months of 1988 found the motorhome market down by 7.26%, or 3,486 units. The regions of the country are ranked in Figure 2 according to the percentage change for the first three quarters of 1989 compared with the same period in '88. The South Central region topped the rankings, with Texas having the largest percentage increase. The Mountain region trailed the pack, and Arizona reported the largest sales decline for the year-to-date in that region.

The September 1989 market for RV trailers (which is defined as including conventional travel trailers, fifth-wheels, fold-downs and park models) fell by 12.87%, or 1,295 units, compared with September '88.

MOTORHOMES, SEPT. '89

Sept. '89 Rank	Region	% of Change From Sept. '88	Aug. '89 Rank
1	S. Atlantic	25.9	7
2	S. Central	4.5	1
3	Pacific	–12.5	3
4	Northeast	–13.9	4
5	Mountain	–17.2	6
6	W.N. Central	–18.6	5
7	E.N. Central	–21.4	2

Figure 1

MOTORHOMES, YEAR-TO-DATE

Sept. '89 Rank	Region	% of Change Year-to-date	Aug. '89 Rank
1	S. Central	–1.6	1
2	Pacific	–6.2	3
3	W.N. Central	–6.4	2
4	E.N. Central	–7.8	4
5	S. Atlantic	–8.6	7
6	Northeast	–8.8	5
7	Mountain	–12.5	6

Figure 2

RV TRAILERS, SEPT. '89

Sept. '89 Rank	Region	% of Change From Sept. '88	Aug. '89 Rank
1	S. Atlantic	15.9	7
2	S. Central	–5.0	1
3	Pacific	–9.5	6
4	W.N. Central	–10.4	3
5	Northeast	–20.5	4
6	Mountain	–24.2	2
7	E.N. Central	–29.0	5

Figure 3

RV TRAILERS, YEAR-TO-DATE

Sept. '89 Rank	Region	% of Change Year-to-date	Aug. '89 Rank
1	S. Central	– .6	1
2	Mountain	–3.5	2
3	S. Atlantic	–6.1	5
4	W.N. Central	–6.4	3
5	Pacific	–7.0	4
6	E.N. Central	–10.9	6
7	Northeast	–13.6	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

AT RETAIL *continued*

Figure 3 shows the national regions ranked by their September '89 percent change from the same month a year earlier. The East North Central region lagged all others in terms of percentage change in trailer sales compared with the previous September, with Ohio having the largest drop for the month in that region. The South Atlantic area was highest-ranked in terms of the percent change in trailer sales for the month, and Florida experienced the largest increase in the region. However, Florida processed a number of delayed registrations last September, which caused the large jump for the month, so that the year-to-date figures probably reflected a more accurate picture of the Florida RV-trailer market.

Overall, September 1989 was somewhat softer than expected in terms of retail sales. In the Midwest, RV-trailer volume seemed to have taken a larger share of the overall decline.

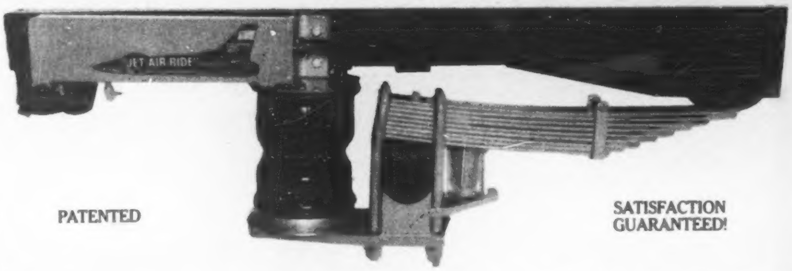
For the year-to-date, last September's RV-trailer market slipped behind the first three quarters of 1988 by 7.69%, or 7,813 units. Figure 4 lists the national regions according to the percentage change in '89 year-to-date registrations compared with the first nine months of '88. In that ranking, the South Central region came in first, with Oklahoma recording the largest percent increase in the region. The Northeast region took last place, and Maine had the largest decline there.

Overall, September 1989 was somewhat softer than expected in terms of retail sales. In the Midwest, RV-trailer volume seemed to have taken a larger share of the overall decline. However, the last quarter of 1989 still had the potential to bring year-end sales numbers even with 1988, which was an excellent retail year, so that manufacturers had to carefully monitor field inventory to avoid either overloading dealers with product or letting lot inventories drop too low. As a result, the restock period is likely to increase in 1990. ∆

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

TAXES! TAXES! TAXES!

You know about the bumpy ride caused by rough highways. You know about the high taxes necessary to repair those roads. Now, we want you to know about Jet Air Ride Suspension — takes the roughness out of your ride without raising your taxes!



PATENTED

SATISFACTION GUARANTEED!

Equip your motor home with a Jet Air Ride Suspension and smooth out your ride.

Write or Call:

Jet CO.
JET COMPANY, INC.
1303 N. 13th Street
Humboldt, Iowa 50548

(515) 332-3117
(800) 332-3117
Nationwide

JET AIR RIDE — the next best thing to a smooth road — without raising your taxes!

* Also available for rescue units

If you think you're having a heart attack, think out loud.

Chest discomfort that lasts longer than two minutes is nothing to fool around with. Play it safe and ask someone to get you to a hospital emergency room—immediately.

American Heart Association
WE'RE FIGHTING FOR YOUR LIFE

C8950-2

RV BUSINESS

FEBRUARY 5, 1990

RVIA Urges Roof-Crush Exemption

RVIA is urging the National Highway Traffic Administration (NHTSA) to either exempt motorhomes, vans and van conversions from proposed new standards for roof-crush protection in light trucks, vans and other RVs, or to modify test procedures to "take into account the special characteristics and features" of RVs.

Under the proposed new roof-crush standards, NHTSA is calling for vehicle roofs to withstand a force 1½ times the unloaded weight of the vehicle without compressing by more than 5 inches. The new rule would apply to all vans, light trucks and multipurpose vehicles (MPVs) with a gross vehicle weight rating (gvwr) of less than 10,000 pounds. If approved, the new regulation would become effective in the 1992-model year.

Ed Conway, assistant general counsel for RVIA, said that the proposed guidelines would have a "devastating impact" on the RV industry as well as RV consumers. He charged that NHTSA officials had failed to take into account the unique characteristics of vans and motorhomes that would make it impossible for those units to be tested accurately, as well as the high cost to RV manufacturers of any required testing.

RVIA is urging NHTSA to exclude RVs that have a gvwr of more than 6,000 pounds and to prescribe a roof-crush test force that does not exceed 5,000 pounds or the vehicle's gvwr, whichever is less, according to Conway.

Then, if NHTSA still insists on applying roof-crush standards to RVs, RVIA is asking the agency to modify its testing cri-

continued on page 14

THE CANADIAN MARKET: This brief overview of the Canadian market highlights its major players, key marketing differences and some nontariff barriers to entry. See page 36.

Big RV-Service Shops on the Rise

As the industry enters the 1990s, the recent birth of several very large, professional RV-service facilities mark a trend that, even minus a crystal ball, seems certain to continue.

There are a number of factors furthering growth in the size and professionalism of RV-service facilities. One is the pan-industry movement to improve "consumer care," which gathered momentum in the late 1980s and affected the agendas of major dealer, manufacturer, aftermarket and campground trade associations. Another more direct impetus is the recent creation by Reston, Va.-based RVIA of new, national training programs for dealers' service technicians.

And, even more fundamentally, an increasing number of RV dealerships have come to view a strong service department as both a potential profit center and a key to attracting new customers.

On the cutting edge of the new trend to service-intensive ventures is the 74-employee, 46,880-square-foot service facility that was opened late last year in Portland, Ore., by co-owners Fred and Dolores McNally. They also own Fred's Travel Rama and Fred McNally's RV Superstores dealerships in Portland, Gresham and Salem, Ore., and have 19 years of RV-retail experience.

With 34 indoor and 17 outside roofed service bays, the spacious McNally facility can do all types of service work – with the

continued on page 14

7 Chrysler Concept Combines Car, Trailer, Minivan

7 WDA Members See 10% Rise In 1990 Sales

7 Court Backs Gamel; Dealer Keeps Licenses

8 Holiday Rambler Restructures RV Division

9 Mark III Cuts '90 Output Goal

9 Ottie Alburn, Vogue Founder, Dies at 73

10 Converters Eye Potential Of Lumina

11 NCOA Seeks Higher Profile For 1990

11 Winnebago, HRC Target Delivery Truck Market

13 GM Retains 70% of Class A Chassis Market

15 NHTSA Asks Side-Impact Rule On Vans, RVs

NOVEMBER '89 SHIPMENTS HIT NEW HIGH

MORTON J. MARCUS

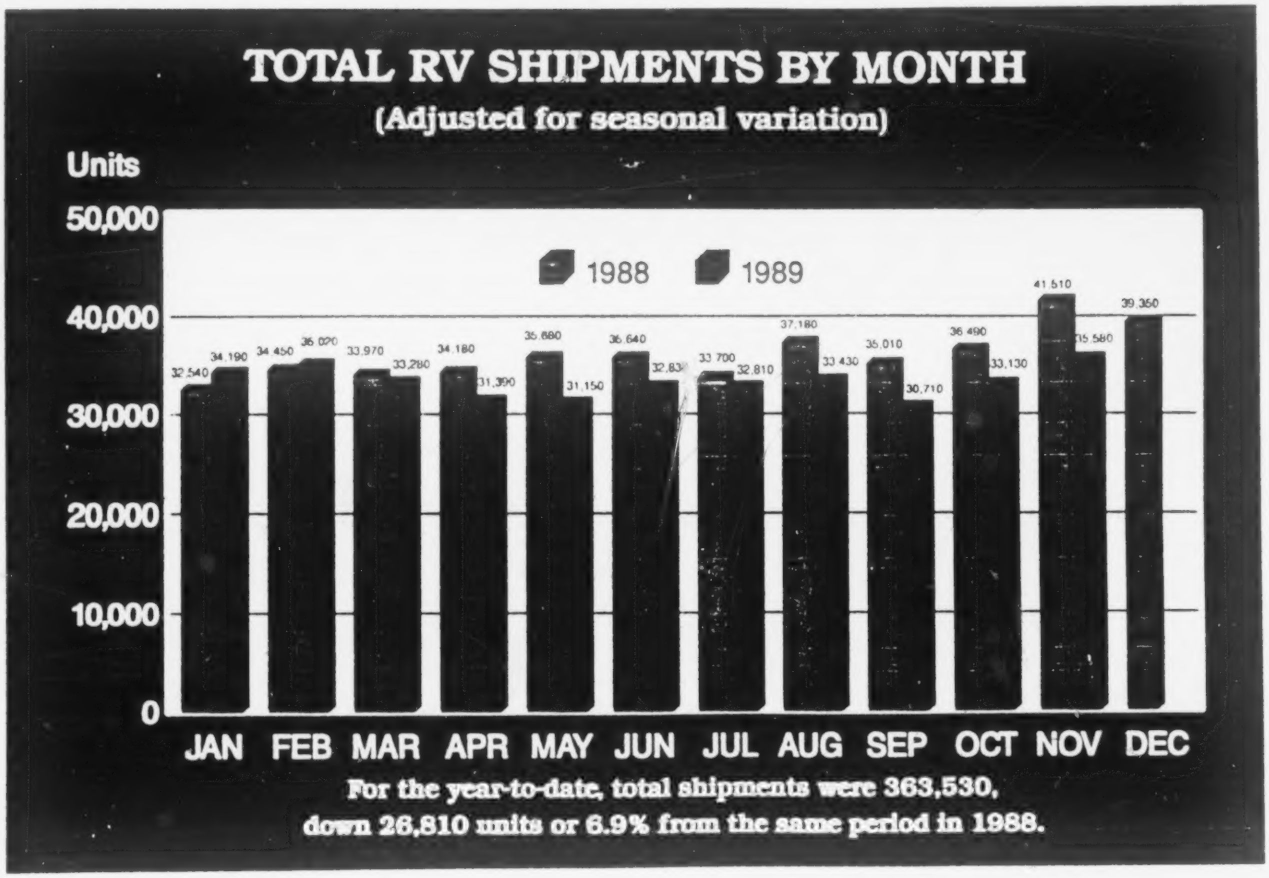


Figure 1

1989 shipped quietly into the past more than a month ago, but for observers of the RV industry, the old year hasn't gone away yet. The November 1989 shipment data from RVIA are the latest available numbers, so let's get on with it.

November had the distinction of being the *best* month in 1989 and also the *worst* month of the year.

November's total shipments, at 35,580 units (seasonally adjusted), were *up* from last October by nearly 2,500 units, or 8%. This made November '89 the second month in a row in which shipments climbed since their low point in September 1989. More significantly, total November shipments were at the *highest* level yet attained in 1989. *(See Figure 1.)*

This good news is tempered by the fact that total shipments of last November were below those for the same month a year earlier. But this fact is potentially very misleading. When compared with November of 1988, total shipments were off by nearly 6,000 units, a 14.3% drop that represents the greatest difference from the corresponding month a year earlier seen in 1989 to date. From this point of view, November was the *worst* month of 1989. The November experience brings the cumulative deficit for last year to more than 26,800 units, or nearly 7% below the tally at the same point in 1988.

How did this happen? Figure 3 indicates that van conversions accounted for more than 77% of the month-to-month gain in shipments (1,890 out of a 2,450-unit gain). Towables also showed a most healthy gain last November when compared with October '89, but motorhomes as a group fell during the month.

The strength of November was due to the fact that van conversions had their best month of the year, registering 19,400 shipments. In addition, towables had their sec-

GRAPHICS: CUSTOM COLOR VISUALS

ond best month, coming in at 11,700 units. (January was the best month for towables with 12,300 units.) By contrast, motorhomes in November hit their low point to date in 1989 at 4,500 units.

Declines From November '88

What Figure 3 does not show is that all three major groups declined in November '89 when compared with the same month in '88. Back in November of 1988, van conversions had a major spurt, with shipments of nearly 23,000 units for the month. The 19,400 units shipped in November '89 thus represented a decline of nearly 18% from the previous year.

Van conversions accounted for about 60% of the total 5,000-unit decline between the two Novembers. Towables also contributed to that decline – but only by 800 units (off 6.4% from the same month of 1988).

The big percentage loser was the motorhome group, down by 26% (nearly 1,600 units) from November '88. With the exception of January, motorhome shipments for every month through November of '89 were lower than for the same month of '88. As of November, there had not been a single month since May of 1989 when motorhomes were not at least 12.5% below the corresponding month of '88. The result, as shown in Figure 3, was a 15% decline for the year-to-date, with 10,300 fewer motorhomes shipped in 1989 than in 1988.

In the motorhome group, low-profile and minimotorhome Class C units had the worst percentage declines for the year-to-date. And only 50 units gave micro-mini Class C's the unique position of being a gainer for the year.

But at least motorhomes could look back on their January heyday. As of November, towables had been down for every month of '89 compared with the same month a year earlier. The low point for towables was in June '89, when shipments bottomed at 10,170 for the month, 23.4% below the same month in '88. The cumulative effect was that 14,250 fewer towable units had been shipped in the first 11 months of '89 than in the same period of 1988. This was a 10.4% deficit for the year-to-date.

The big losers, in both unit volume and percentages, were folding camping trailers, which had lost one-fifth of their market by November '89. In the towables group, park models stood alone as the only gainers, with a 5.3% year-to-date increase.

In 1989's down market, van conversions had a better record, with five of 11 months showing gains over the same month a year earlier. But, for the August-November period of 1989, even these popular models failed to keep pace with '88 shipment levels. As a result, in November '89, for the first time last year, cumulative van conversion shipments for the year-to-date fell below their corresponding 1988 level. Although November was a strong month at 19,400 conversion units, that total did not match the boom of November '88, and, for the year-to-date, conversions were behind by 2,300 units, or 1.2%.

Since the decline in van conversions in 1989 was so much less than that of the other types of RVs, their market share rose. Figure 2 indicates that, for the year-to-date, van conversions moved toward 51% of the market. They gained nearly 3 market-share points compared with the previous year. About 54% of that gain came at the expense of motorhomes.

MARKET SHARE BY TYPE OF UNIT

([illegible] Adjusted for [illegible] Variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:		
Conventional	1[illegible].56	13.6[illegible]
Park Models	1.93	1.7[illegible]
Fifth-wheels	7.38	7.32
Folding Camping Trailers	8.41	9.92
Truck Campers	2.50	2.56
TOTAL TOWABLES	33.79	35.12
Motorhomes:		
Class A	8.95	9.76
Class B Van Campers	1.25	1.2[illegible]
Class C:		
Mini	4.3[illegible]	5.08
Low Profile	0.36	0.45
Micro-mini	0.61	0.56
TOTAL MOTORHOMES	15.52	17.08
Multiuse Van Conversions	50.69	47.79

Percentages may not add to total because of rounding.

Figure 2

Revised Expectations

The bottom line is that November '89 was the best month to date in 1989 since the trend was upward. The comparison with the same month a year earlier may not be significant since November 1988 (and December '88) were almost abnormally strong in terms for van conversion shipments.

The improvements of October and November '89 shipments over those of September gives rise to expectations about the December figures.

The data suggests that, unless December '89 is much weaker than expected, the fourth quarter could close 1989 with more than 100,000 units. Current indications are for a final shipments figure of about 104,600 units for the last three months of '89. That would be a full 7% improvement over the third-quarter shipments total, and 6,300 units better than our forecast of 98,300 units for the fourth quarter of '89.

With such a fine close to 1989, the full year would come in at more than 400,000 units shipped. Applying our forecast growth rate of 5%, we would then see more than 420,000 units shipped in 1990. And that is not a bad prospect to emerge from November 1989. ∆

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

Type of Units	Nov 1989	Change From Oct 1989 Number	%	Year-to-Date 1989	1988	Change Number	%
TOTAL RVs	35,580	2,450	8.0	363,530	390,340	-26,810	-6.9
Travel Trailers:							
Conventional	4,850	420	9.4	49,310	53,140	-3,830	-7.2
Park Models	540	-130	-26.5	7,020	6,670	350	5.3
Fifth-wheels	2,560	150	6.3	26,840	28,560	-1,730	-6.0
Folding Camping Trailers	2,980	250	8.8	30,570	38,710	-8,140	-21.0
Truck Campers	750	-80	-9.9	9,100	10,010	-900	-9.0
TOTAL TOWABLES	11,690	610	5.5	122,840	137,090	-14,250	-10.[illegible]
Motorhomes:							
Class A	2,[illegible]90	60	2.4	32,550	38,110	-5,560	-14.6
Class B Van Campers	330	-10	-2.3	4,560	4,800	-240	-5.0
Class C:							
Mini	1,160	-120	-10.5	15,780	19,830	-4,050	-20.4
Low Profiles	*	na	na	1,300	1,760	-460	-26.3
Micro-mini	290	130	82.9	2,240	2,190	50	2.2
[illegible]	4,480	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Multiuse Van Conversions	19,410	1,890	12.5	184,270	186,560	-2,290	-1.2

* = Less than 50 units, na = not applicable

Note. Data rounded to nearest 10 units.

Figure 3

DAB PERSPECTIVE

EARLIER SALES UPSURGE FADED IN NOVEMBER '89

GAYLORD MAXWELL

According to RVB's Dealer Advisory Board (DAB), RV sales for November '89 were nothing to shout about. Sales volume for the group as a whole was down from November '88 and, individually, two out of three advisory-board members were also off the mark.

In terms of unit volume, both new and used were down. Although grosses weren't bad, the low volume made for poor bottom lines. Inventories also were running a bit high for approximately 25% of the DAB, and lot traffic was reported to be low.

For the year-to-date last November, total sales volume for the advisory board did slightly exceed that for the same 11-month period of 1988. However, that was the only good news, because both new- and used-unit sales were down.

In short, the faint ray of hope shown by a mild sales upsurge in September and October of 1989 faded in November. It appeared rather certain that, for most dealers, 1989 would not be a big winner.

Motorhomes

Motorhome buyers were more scarce than usual last November, according to the DAB. The 21% drop in new-unit sales was one of the most drastic declines that we had seen in 1989. Only two of our DAB members were up from November '88; only one of them was up substantially, but that lucky fellow has one of the largest dealerships on our board. Most of the other big dealerships' sales dropped – and some fell really hard.

However, used sales in November '89 were slightly ahead of those for November '88. And profits weren't bad; most ratings were good or fair.

> *It appeared rather certain that, for most dealers, 1989 would not be a big winner.*

Travel Trailers

New-unit sales for the month were in the plus column – but barely. Most DAB members who sell this RV type were close to 1988's figures for November. A few were slightly up in sales; some were slightly down. Used sales were off a bit for the month. Profits varied from poor to good.

Yet, for the year-to-date, sales were running well behind 1988's pace by the end of the month of November.

Truck Campers

In terms of percentages, November '89 was a truck-camper disaster. The number of units sold for the month equaled barely half of the total for November '88. New and used units both fared poorly. Profits on the few units that were sold were good.

Year-to-date, the picture was not quite so dismal. However, it was discouraging to note a 20% drop in sales compared with the same 11-month period of '88.

Folding Camping Trailers

Fold-down trailer sales are usually very poor during the last two months of the year, and November 1989 was no exception. The good news was that new-unit sales equaled those of 1988 for the month, although used sales were much lower. Profits were rated fair to poor.

Fifth-wheels

Moving in an opposite direction from 1989's usual upward trend for this type, new-unit sales for the month were down from November '88. Most fiver dealers were off the mark by a unit or two; only one was up. Used sales were slightly up. Profits were rated good. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	NOV. 1989	NOV. 1988	% CHANGE	1989	1988	% CHANGE	NOV. 1989	NOV. 1988	% CHANGE	1989	1988	% CHANGE
MOTORHOMES	100	126	– 21	1,555	1,592	– 2	100	98	+ 2	1,423	1,458	– 2
TRAVEL TRAILERS	51	49	+ 4	1,055	1,122	– 6	64	73	– 12	1,082	1,117	– 3
TRUCK CAMPERS	12	23	– 48	229	286	– 20	5	10	– 50	112	166	– 33
CAMPING TRAILERS	15	15	0	951	949	(+ 1	5	10	– 50	329	342	– 4
FIFTH-WHEELS	22	28	– 21	407	365	+ 12	19	18	+ 6	161	165	– 4

	FOR MONTH			YEAR-TO-DATE		
	NOV. 1989	NOV. 1988	% CHANGE	1989	1988	% CHANGE
SALES VOLUME	$9,578,964	$9,943,877	– 4	$143,592,271	$142,731,975	(+1
TOTAL UNIT SALES	393	452	– 13	6,815	7,063	–4
NEW-UNIT SALES	200	243	– 18	3,929	4,042	–3
USED-UNIT SALES	193	209	– 8	2,886	3,021	–4

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 22 dealers representing a cross section of the U.S. dealer body.

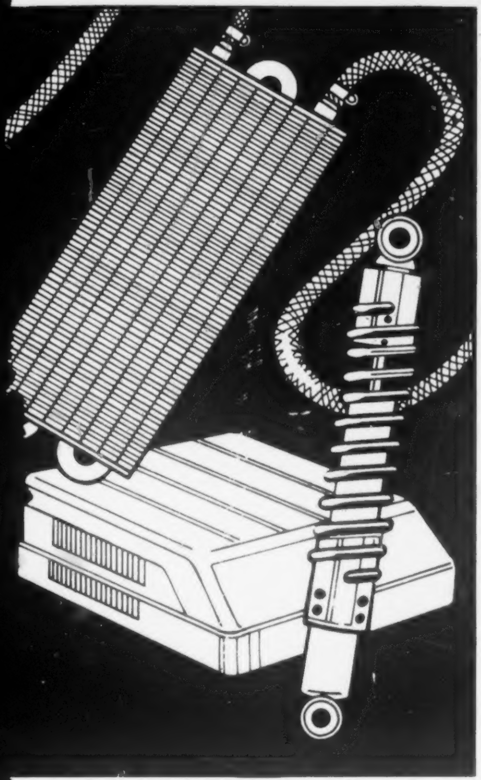
Gaylord Maxwell, chairman; **Dave Altman**, Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **David McMann,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Robert Jensen,** Layton, Utah; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

C 8950-2

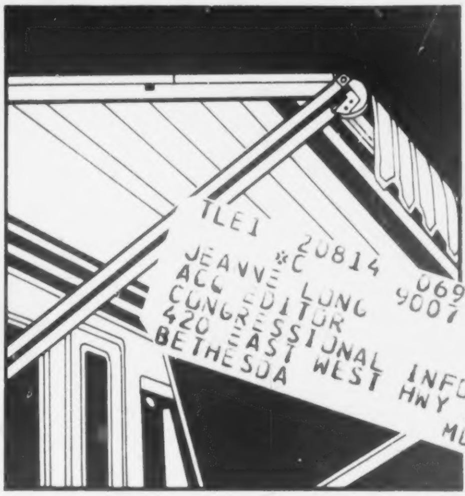
RV BUSINESS

FEBRUARY 19, 1990



SPECIAL ISSUE:

RV & VAN INDUSTRY DIRECTORY



TLE1 20814 069100
*C
JEANNE LONG 9007 958 STA
ACQ EDITOR BWD
CONGRESSIONAL INFORMATION SV **
420 EAST WEST HWY 800 **
BETHESDA MD 20814

■ RV Industry Almanac:

- Vehicle Definitions
- RV Shipments History
- Chassis Specifications
- Glossary of Weight Terms
- Monthly Show Calendar
- RV Financing

■ Alphabetical Listings:

- RV Manufacturers
- Van Converters
- Suppliers
- Distributors
- facturers' Reps

Info n:

- Key Personnel
- Addresses
- Phone Numbers
- Fax Numbers
- Products

■ Product Listings:

- RV Types
- RV Brands
- Van-Conversion Brands
- Supplier Products by Type

■ Alphabetical Index of Companies

ew 'Yellow Pages' Product Section

ll-New Van Converter Section

RV BUSINESS

VOLUME 40, NUMBER 22 FEBRUARY 19, 1990

INDUSTRY ALMANAC

In This Issue 3
Vehicle Definitions 4
Market Overview 6
Seasonal Patterns 13
Industry Promotion 16
Chassis Specifications 17
Glossary of Weight Terms 21
RV Financing 22
Show Calendar 25
Index to Advertisers 32

ALPHABETICAL LISTINGS

RV Manufacturers (USA) 33
RV Manufacturers (Canada) 61
Van Converters (USA) 63
Van Converters (Canada) 75
Suppliers (USA) 76
Suppliers (Canada) 162
Distributors (USA) 164
Distributors (Canada) 180
Manufacturers' Reps 181
RV Associations 188
Services 193

PRODUCT LISTINGS

RV Manufacturers: Product Listings 217
RV Manufacturers: Brand Names 226
Van Converters: Brand Names 234
Supplier Product-Listing Index 239
Suppliers: Product Listings 242

COMPANIES IN THIS ISSUE

Alphabetical Index 333
Update Form 359

STAFF

Co-publishers/John Thompson, Michael Schneider
Executive Editor/Katherine Sharma
Art Director/Ellen Siegel Koller
Director of Technical Services/Bill Estes
Senior Editor/Robert Longsdorf Jr.
Midwest Editor/Sherman Goldenberg
Feature Editor/Gaylord Maxwell
Production Editor/Olga Markowitz
Editorial Associate/Maxye Henry
Editorial Assistant/Erin C. Anderson
Listing Coordinator/Debbie Donohue
Production Director/Betty O'Meara
Production Coordinator/Denielle Sternburg
Production Manager/Jackie Pretty
Fulfillment Manager/Minna Moskowitz

TL ENTERPRISES INC.

President/Richard Rouse
Executive VP/Publisher/Denis Rouse
VP/General Manager/Theodore R. Binder
VP/Publishers/Bill Estes, Michael Schneider, John Thompson
VP/Advertising Director/Chuck Kastler
VP/Marketing/Daniel Hunt
VP/TL Campground Directory/Good Samparks/ Dale Thoreson
VP/Good Sam Executive Director/Susan Bray
VP/Good Sam Marketing Director/Bill McNiff
Subscription Manager/Barbara Gerber
VP/CIO/Customer Service/David Block
VP/Controller, Treasurer/Michael R. Poletti
Director of Manufacturing/Bert Langford

EDITORIAL/BUSINESS OFFICE

29901 Agoura Rd., Agoura, CA 91301
(818) 991-4980, (818) 889-0750 (Fax)

BRANCH OFFICES

Midwest Business Manager/Connie Foreman
***RV Business* Sales Manager/**Diane Holliday
Midwest Advertising Sales/Janet VanBibber, Mike Brazeau, Peg Recchio
2300 Middlebury St., Elkhart, IN 46516-5598
(219) 295-7820
Detroit Regional Advertising Manager/Jim Mac
(800) 824-8497 – Message No. 718

ADVERTISING

Business Manager/Sherre Thoreson
P.O. Box 5500, Agoura, CA 91301
(818) 991-4980
Advertising Sales
Karen Dale Mattox (714) 955-0150
Ralph Kelsey (714) 955-3022
2061 Business Center Dr., Suite 105
Irvine, CA 92715

IN THIS ISSUE

HOW TO USE THIS DIRECTORY ISSUE

It has been several years since we entered the oft-cited "information age," yet its basic tenet remains just as valid today as it was when computers first burst onto the scene: Those who consistently get ahead will learn how to absorb the maximum amount of relevant information in a minimum of time.

Hopefully, this *RV & Van Industry Directory* issue will allow you to accomplish just that and more. The all-new directory has been revamped and reformatted to provide you with a concise reference tool that you will be able to use all year long.

Here is a brief overview of new directory features and of how you can use the information contained in these 360 pages most effectively:

Industry Almanac

Intended to be just what its title implies, this first section is packed full of the most pertinent statistical and market data that the editors of *RV Business* could put together.

Included, for instance, are historical analyses of the RV market based on some 18 years of RV-shipment figures; a 1990 calendar of major consumer and trade shows in North America; a buyer's guide to available motorhome chassis; an overview of RV financing facts; and other significant data pertaining to the RV industry.

Alphabetical Listings

Every RV-related company in the industry is included in these listings, which are divided into seven major sections: RV manufacturers; van converters; suppliers; distributors and wholesalers; manufacturers' representatives; RV associations and all other RV service firms. The first four categories are further broken down into U.S. and Canadian companies.

Each company's listing features basic information, such as addresses, phone numbers, Fax numbers and key corporate personnel.

Product Listings

This special section printed on yellow-bulk paper is one of the new features of this year's directory. Companies are grouped by specific product type, which should be especially helpful to purchasing agents and others with a need for quick access to product information.

The product listings are separated into four subsections: RV manufacturers listed by product type; RV manufacturers listed by brand name; van converters categorized by brand name; and supplier companies listed under the hundreds of accessory and OEM component products that they manufacture. Each of these listings includes the company names and phone numbers for quick, easy reference.

Company Index

Thanks to the wonders of computerization, every company listed in this directory is cited in this 24-page section, along with page numbers and company phone numbers.

While we have taken great pains to produce a usable, authoritative reference tool, we recognize that errors and omissions do occur. For that reason, please take a moment to fill out the update form on page 359 and send it back to us. This will ensure that next year's listings will include correct information on your company and products. Δ—*The Editors*

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $14.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life*, *MotorHome*, *Rider*, *Trailer Life's Annual RV Buyer's Guide*, *Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

A REVIEW OF THE RV MARKET, 1970-89

MORTON J. MARCUS

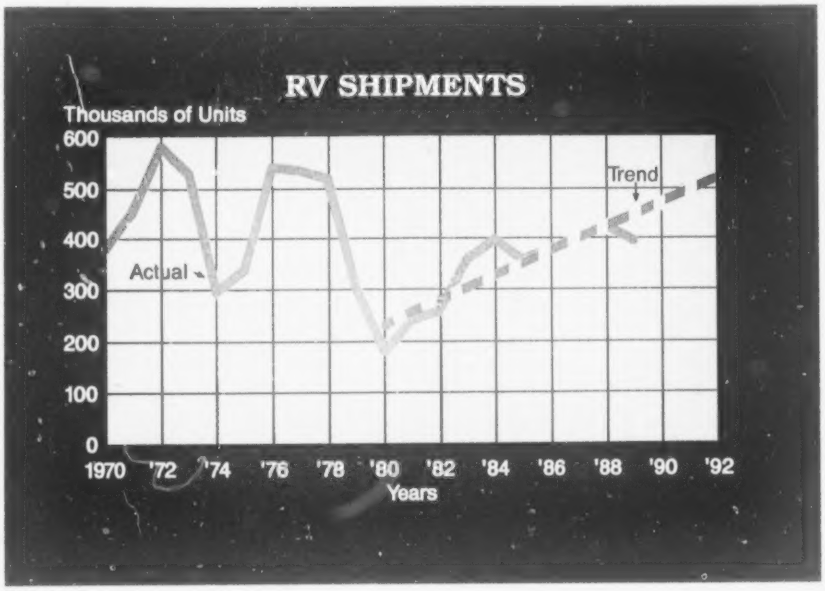
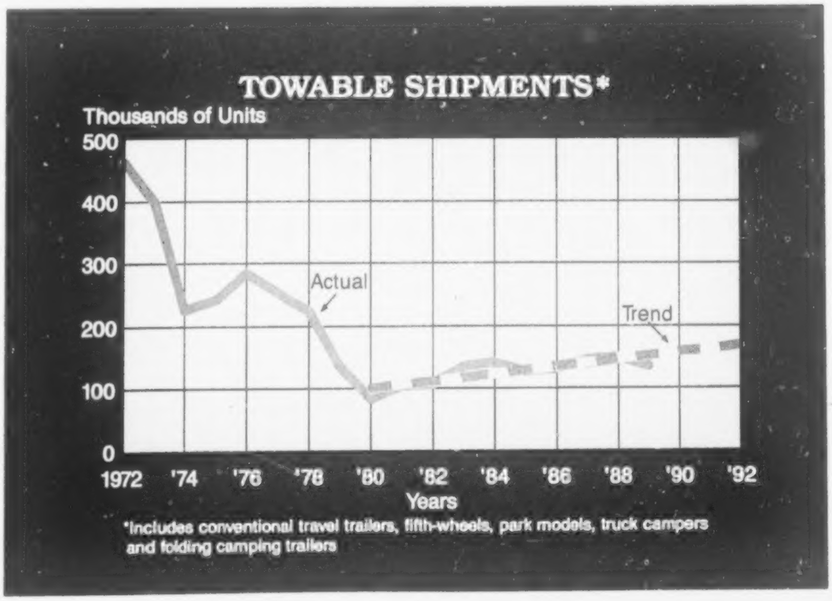

RV SHIPMENTS

Figure 1


TOWABLE SHIPMENTS*

*Includes conventional travel trailers, fifth-wheels, park models, truck campers and folding camping trailers

Figure 2

In the 1970s, the RV industry experienced both glory and disaster. The early '70s saw a magnificent 53% increase in shipments over just two years: Starting with 380,300 units shipped in 1970, the industry advanced to just under 583,000 units by '72. *(See Figure 1.)* But, suddenly, a major oil crisis knocked the RV industry for a loop. Shipments fell below 296,960 in 1974 as Americans became energy-conscious, inflation-poor and worried about recession all at the same time. Then, for three years in a row, shipments zoomed up to exceed 500,000 units – until another crisis caused them to nosedive to less than 200,000 units in 1980.

1980 should be considered a watershed in the history of the RV industry. The boom-and-bust 1970s, while interesting, gave little indication of the future. But the upward trend of the 1980s – the decade's overall movement toward higher volume – does provide guidance on the market direction of the '90s.

The industry entered the 1980s with just half the shipments output of a decade earlier. From that low, the industry advanced in every year except 1985 and 1989.

The clear upward trend established in the 1980s resulted in a growth in average annual shipments, which was in excess of 24,000 units. If that growth trend persists into the current decade, then the industry would regain the 500,000-unit shipments' mark in 1992.

Of course, within the generally upward trend of all RV shipments in the 1980s, the various RV types have climbed at quite different growth rates.

In terms of actual units shipped, towable RVs, as a group, have yet to recover from the first oil crisis of the 1970s. *(See Figure 2.)* From a high of 466,000 units shipped in 1972, towables struggled back to 285,000 units in 1976, before falling in 1980 to just 83,000 units. The upward trend of the 1980s has averaged an increase of 5,800 units annually, as shown by the trend line for the decade. With a continuation of that trend,

GRAPHICS: CUSTOM COLOR VISUALS

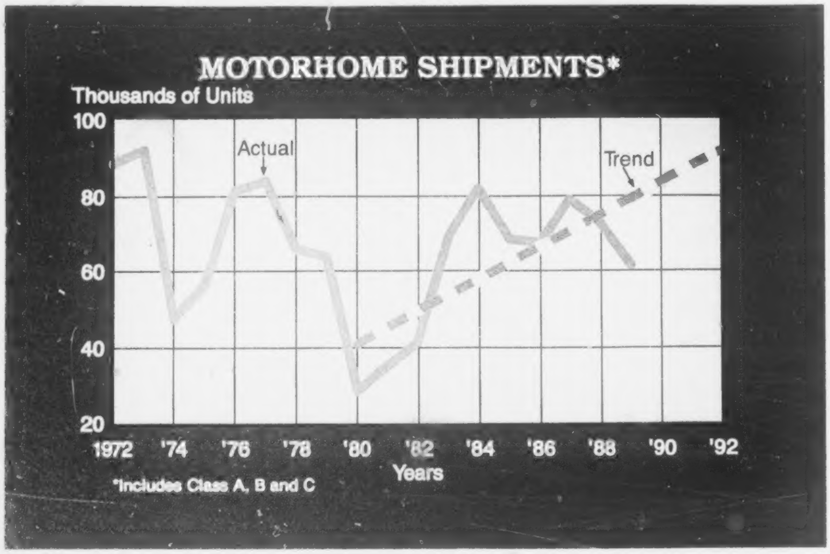


Figure 3

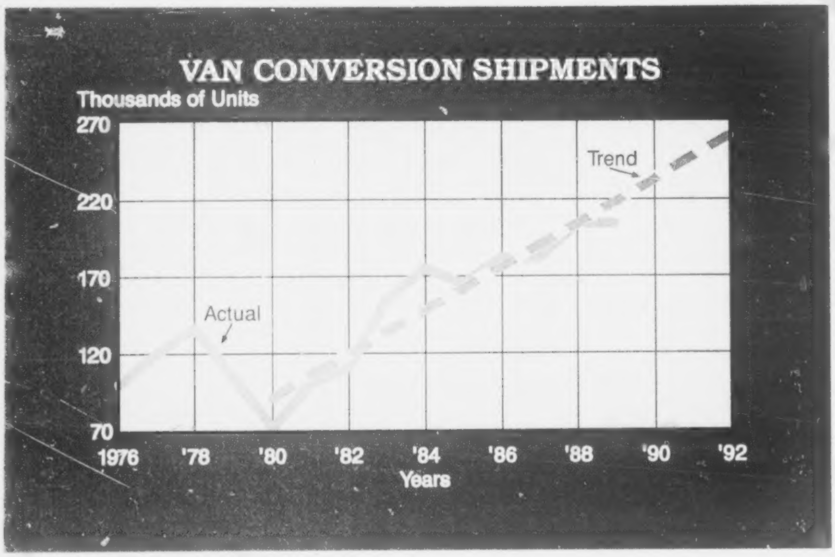


Figure 4

towables, as a group, should approach 170,000 units in 1992.

As seen in *Figure 3*, shipments of motorhomes, as a group, peaked in 1973 at just over 92,000 units. After 1973, there were two more years in the '70s in which motorhomes tallied more than 80,000 units shipped, but downward forces carried this group down to less than 30,000 units by 1980. Then, a resurgence began; by 1984, motorhomes once more crossed the 80,000-unit mark. Unfortunately, the upward momentum could not be sustained. Between 1985 and 1989, motorhome shipments bounced between 75,000 units and 60,000 units, with little clear direction. Yet, for the decade of the '80s, the overall trend was still positive, with 4,250 shipments added annually.

Van conversions, on the other hand, never seemed to be hobbled by the shock of the 1979-80 freefall. *(See Figure 4.)* After totaling 136,400 units in '78, conversion shipments did plummet to 71,400 units in 1980, but their movement thereafter has been strongly upward. By 1983, van conversions had exceeded their previous high to reach 154,200 units shipped. And in 1986, the number of van conversion shipments topped 1980's total for the entire RV industry. In 1988, for the first time, van conversion shipments came in at more than 200,000 units. To sum up, for the decade of the 1980s, the growth trend of van conversion shipments has been an average annual increase of 14,150 units. At that pace, shipments of these popular multipurpose vehicles should surpass 260,000 units in 1990.

A more detailed look at these three major RV groups – motorhomes, towables and van conversions – shows some interesting variations, however.

For example, the generally upward trend of shipments of conventional travel trailers during the 1980s is clear from *Figure* 5 on page 8, although the up-and-down movements have been considerable during the decade. In 1983, and again in 1984, shipments totaled about 65,000 units, which was a strong expansion from 1982's level of shipments. Yet, that growth was followed by a dramatic decline in 1985. Since the middle of the decade, shipments have varied in a narrow range between 54,000 and 59,000 units.

On average, shipments of conventional travel trailers increased by 1,140 units a year during the '80s. If this pace continues, a three-year projection shows that, by 1992, travel trailers will still not have regained the heights of the mid-1980s.

In contrast to the swings of conventional

Note: There is an important difference between trends and forecasts. Trends, as used in the figures of this section, are simple statistical relationships between time and shipments. They are the result of laying a mathematical ruler over the data and drawing a straight line to fit the dots; they minimize the divergence of each year's shipments from that trend line. But trends do not tell us why or how something happens; they reflect the past without reference to anything going on in the world. They are useful in giving a general direction, in helping us see where we are going – as long as the road remains as it has been. The projections produced by these trends are the result of simply extending the line drawn with the statistical ruler. On the other hand, forecasts, as published quarterly in RV Business, *involve a combination of statistical analysis and professional judgment. Forecasts are based on the response of shipments to various factors in the economy, such as interest rates and motor-fuel prices, and require development of a complex econometric model. The econometric model then indicates how shipments respond to these factors and how these factors are most likely to perform in the future.*

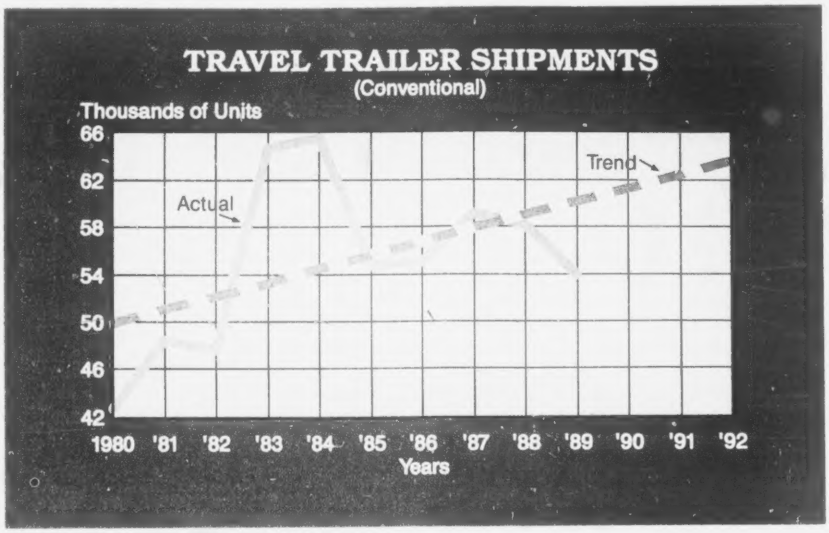


Figure 5

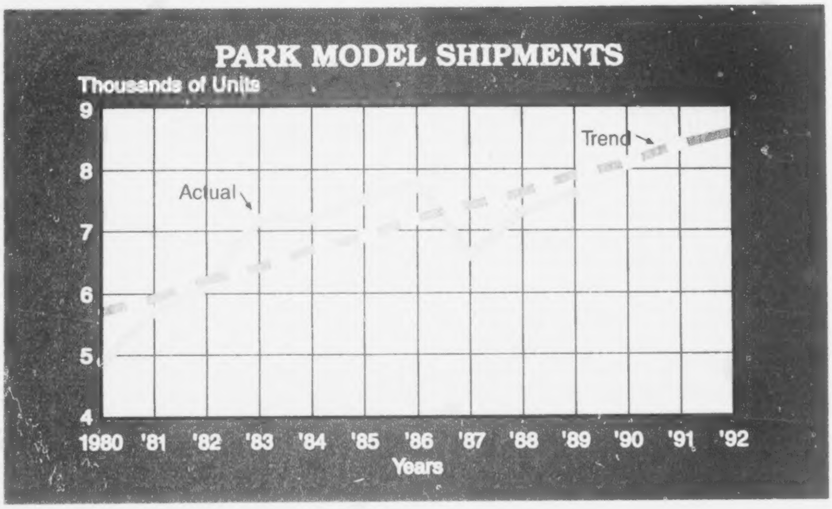


Figure 6

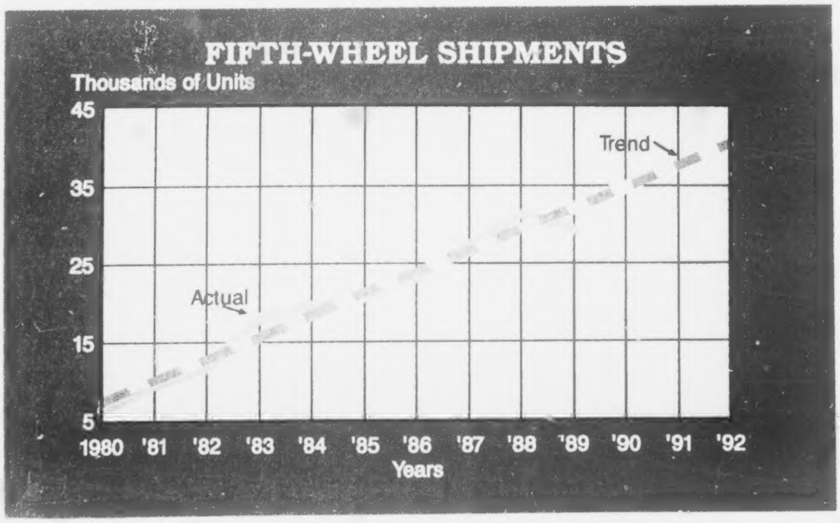


Figure 7

travel trailers, park models experienced virtually uninterrupted growth from 1980 through 1986. *(See Figure 6.)* Then, after a setback in '87, park-model shipments rose again in 1988 and 1989. The upward trend of the '80s averaged a very moderate increase of just 250 units per year. With continuation of this trend, total park-model shipments should reach 8,600 units in 1992.

Actual fifth-wheel shipments grew close to their trend line of average annual growth for the 1980s. *(See Figure 7.)* Only 1989 seems to have seen a reversal of any sort. The 1988 peak of 31,300 units was not only the best year for fifth-wheels in the past decade, it would have ranked as the best year of the 1970s as well. The average annual increase in fiver shipments during the '80s was 2,700 units. At that rate, fifth-wheel shipments will exceed 40,000 units by 1992.

Within the generally upward trend of all RV shipments in the 1980s, the various RV types have climbed at quite different growth rates.

Folding camping trailer shipments showed dramatic movement during the 1980s, as shown in *Figure 8.* They started the decade by gaining more than 10,000 units from 1980 to 1981. They ended the decade by losing more than 10,000 units between '88 and '89. But each decline during the 1980s has been followed by a new high in subsequent years, so the trend for the decade has been positive, with approximately 1,000 units gained on average each year. If folding camping trailer shipments stay on that trend line, they will reach 43,500 units by 1992.

Figure 9 shows how the trend line for truck campers fits very neatly with the experience of these units in the 1980s. In the early years of the decade, actual annual shipments and average annual shipments had a particularly tight fit. In the middle years of the 1980s, actual shipments and the decade's shipment trend were symmetric, if not as closely fitted.

Over the course of the decade, shipments of truck campers doubled from 5,000 to 10,000 units. During the 1980s, truck campers had an average annual in-

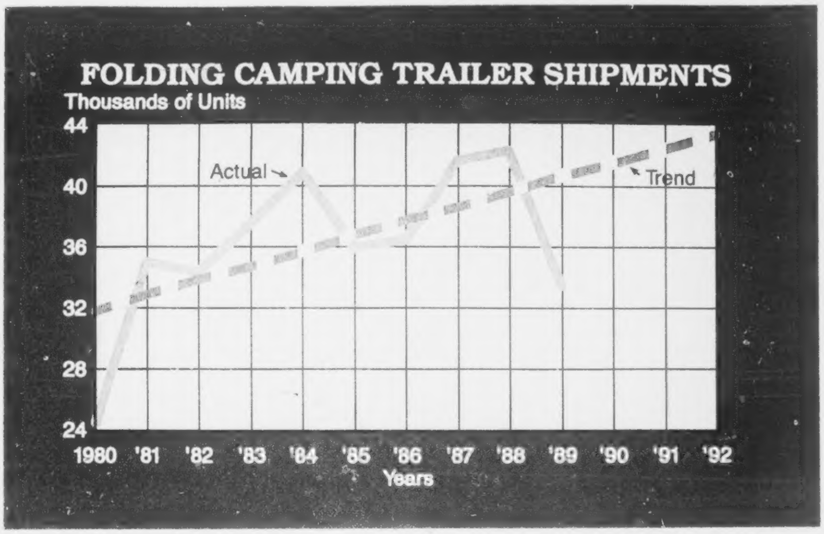


Figure 8

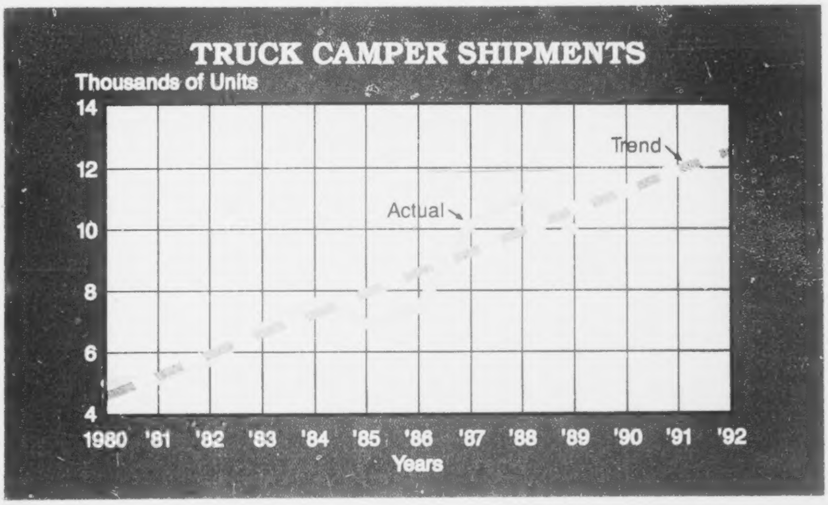


Figure 9

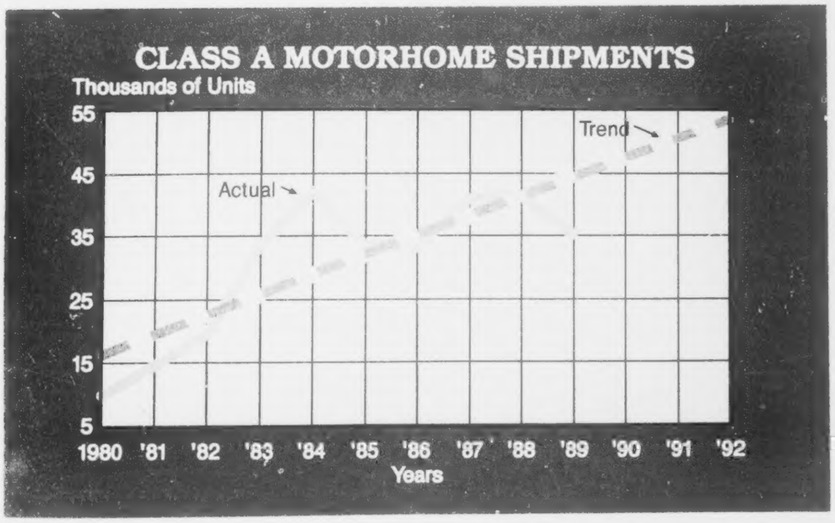


Figure 10

crease of 660 units. Truck campers could reach 12,500 units shipped by 1992, if that growth rate is maintained.

Figure 10 illustrates how Class A motorhome shipments went from their 1980 low of 9,800 units to double that amount within two years, and then more than doubled again within the next two years. By 1984, Class A shipments had reached 42,100 units. However, shipments then dropped and never regained 1984's peak, although they approached it.

The average annual shipments increase for Class A motorhomes was 3,100 units between 1980 and '89. Following that trend line, Class A shipments would top their peak of the 1980s by the early 1990s and reach nearly 54,000 units in 1992.

In contrast to other categories, the trend line of Class B motorhome shipments *(see Figure 11 on page 10)* does not adequately describe the experience of these units over the past decade. They grew from 2,500 units in 1980 to more than 7,000 in 1984. Since then, only one year (1987) showed a positive movement.

Thus, the graph of Class B shipments in the '80s shows two trends rather than one. It will take a reversal of the more recent, downward trend to achieve the levels suggested by the overall trend line of the decade. If the overall growth trend of the 1980s should happen to prevail, then Class B motorhome shipments would reach 7,400 units by 1992.

Class C motorhome shipments (including Class C minimotorhome, low-profile and micro-mini units) also very clearly followed two separate trends in the '80s. *(See Figure 12 on page 10.)* There was an uninterrupted upward movement from 1980 to 1984, including a somewhat sensational rise by 12,300 units in 1983. Then, from '84 to '89, Class C shipments fell without interruption.

If the fortunes of Class C motorhomes reverse again to realize the positive trend of the early 1980s, shipments in 1992 will reach 30,700. However, this growth rate would require an overall increase of 9,500 units over the next three years, or a gain of 3,200 units per year between '89 and '92. That would be quite an achievement since it would be four times higher than the 800-unit average annual gain of the '80s.

The differing growth rates of the various RV types during the past decade have resulted in significant shifts in market shares. At the start of the 1980s, towables held the high ground among RVs, with more than 45% of the total market. Van conversions were in second place at 39%, and mo-

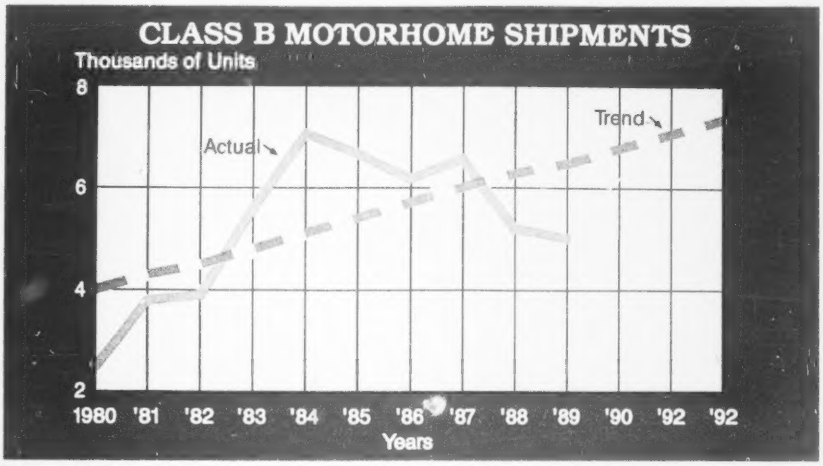


Figure 11

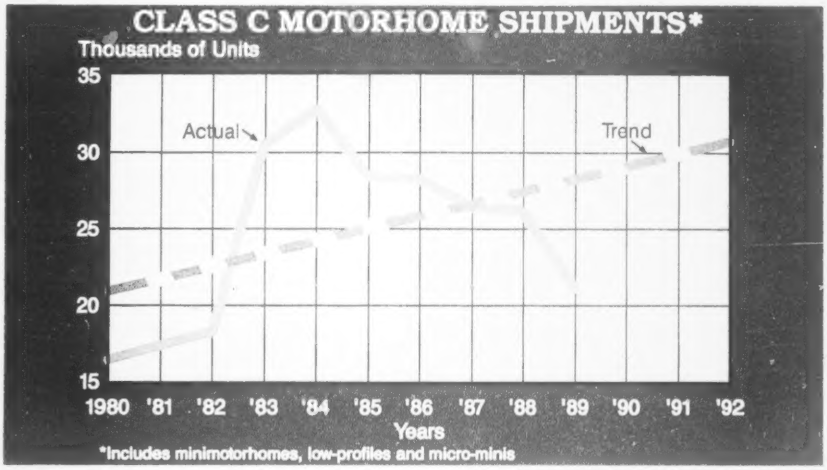


Figure 12

torhomes were a distant third (16%). During the decade, towables lost their lead because shipments of these units increased by only 61%. At the same time, motorhome shipments more than doubled, with a 114% increase in volume between 1980 and 1989. Leading the pack in terms of growth, however, were van conversions, whose shipments nearly tripled in the decade of the '80s (up by 183%).

As seen in *Figure 13*, the result of these very different rates of growth was a shrinkage in the market share of towables from 45% in 1980 to 34% in 1989. Motorhomes, for all their growth, failed to secure a larger piece of the market-share pie. Instead, all the market gains were picked up by van conversions, which claimed more than 50% of the market for the first time in 1989.

Of course, if some of the positive trends of the '80s discussed above are realized in the 1990s, motorhomes and towables would grow more rapidly than they have recently, resulting in a minor decline in market share for van conversions. ∆

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

Note to readers: All 1989 data shown in this section are based on shipments for an 11-month (January-November) period and are subject to minor revision.

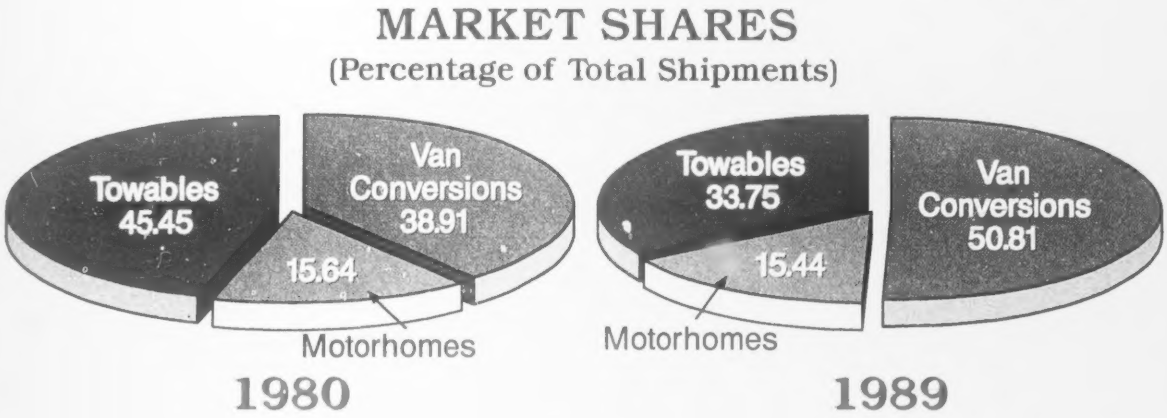


Figure 13

WHY RV SHIPMENT FIGURES ARE SEASONALLY ADJUSTED

MORTON MARCUS

RV shipments, like many other economic activities, show a strong seasonal pattern. RV shipments are typically heaviest in the spring months to meet the demand of consumers planning for warm-weather travel and camping. Shipments then tend to fall off at the end of the year as the demand slackens and the weather turns cooler. To reflect this normal seasonality and to accurately compare data from month to month, data are "seasonally adjusted" from their raw form.

Without seasonal adjustment, misleading conclusions could be drawn from shipment or other economic data. For example, if the seasonality of turkey sales were ignored or unknown, a person might think the industry had gone into a depression in January after the sales boom of November and December. By raising the January figure and lowering the sales numbers for the peak months, using a statistical method to smooth out the ordinary highs and low, a proper comparison can be made between months.

> *Without seasonal adjustment, misleading conclusions could be drawn from shipment data.*

Table 1 and *Figure 1* show RV shipment data as reported by the Recreation Vehicle Industry Association for 1988 and 1989. These raw data indicate that total shipments peaked in April of 1988 at 43,000 units. But April is normally a strong month, often the very best month of the year. If just the raw data were considered, February 1988 would have shown a 3,500 increase, followed by a 5,600-unit rise in March and then another 3,100-unit increase in April *(see column 4 of Table 1)*. The month-to-month percentage increases are impres-

EFFECT OF SEASONAL ADJUSTMENT ON MONTHLY RV SHIPMENTS

	Shipments		Month-to-Month Change			
			Number		Percent	
Months/ Years	Raw Data	Seasonal Adj. Data	Raw Data	Seasonal Adj. Data	Raw Data	Seasonal Adj. Data
Jan '88	30,800	32,542				
Feb	34,300	34,446	3,500	1,904	11.4	5.9
Mar	39,900	33,968	5,600	– 478	16.3	– 1.4
Apr	43,000	34,181	3,100	213	7.8	0.6
May	41,600	35,680	–1,400	1,499	– 3.3	4.4
Jun	38,200	35,643	–3,400	– 37	– 8.2	–0.1
Jul	32,700	33,698	–5,500	–1,945	–14.4	– 5.5
Aug	35,300	37,179	2,600	3,481	8.0	10.3
Sep	32,700	35,007	–2,600	–2,172	– 7.4	–5.8
Oct	34,700	36,486	2,000	1,479	6.1	4.2
Nov	32,300	41,507	–2,400	5,021	– 6.9	13.8
Dec	31,800	39,352	– 500	–2,154	– 1.5	–5.2
Jan '89	32,400	34,192	600	–5,161	1.9	–13.1
Feb	35,000	35,018	2,600	827	8.0	2.4
Mar	38,800	33,279	3,800	–1,739	10.9	–5.0
Apr	39,400	31,393	600	–1,886	1.5	–5.7
May	36,400	31,153	–3,000	–240	– 7.6	–0.8
Jun	35,400	32,826	–1,000	1,673	– 2.7	5.4
Jul	31,900	32,811	–3,500	– 15	– 9.9	0.0
Aug	31,600	33,431	– 300	619	– 0.9	1.9
Sep	28,700	30,713	–2,900	–2,718	– 9.2	–8.1
Oct	31,500	33,133	2,800	2,421	9.8	7.9
Nov	27,300	35,582	–4,200	2,448	–13.3	7.4

Table 1

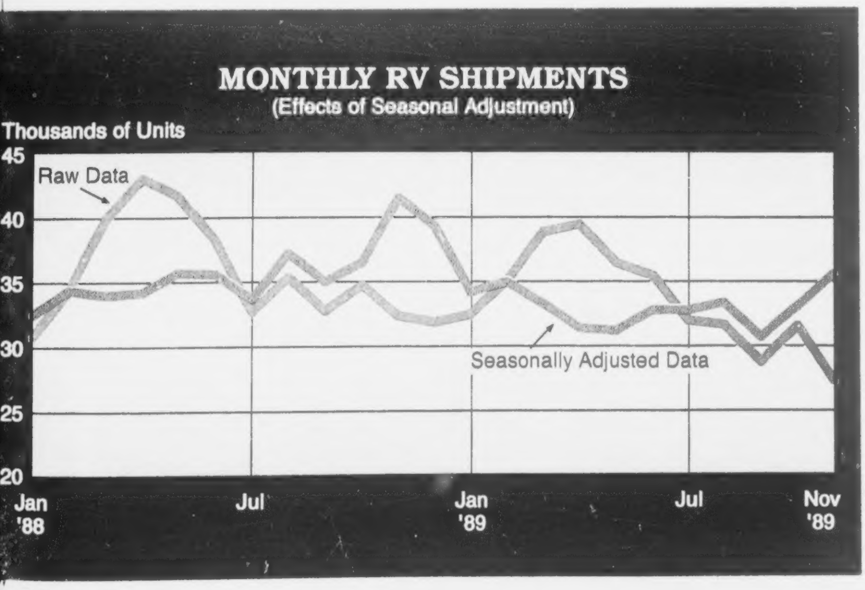


Figure 1

GRAPHICS: CUSTOM COLOR VISUALS

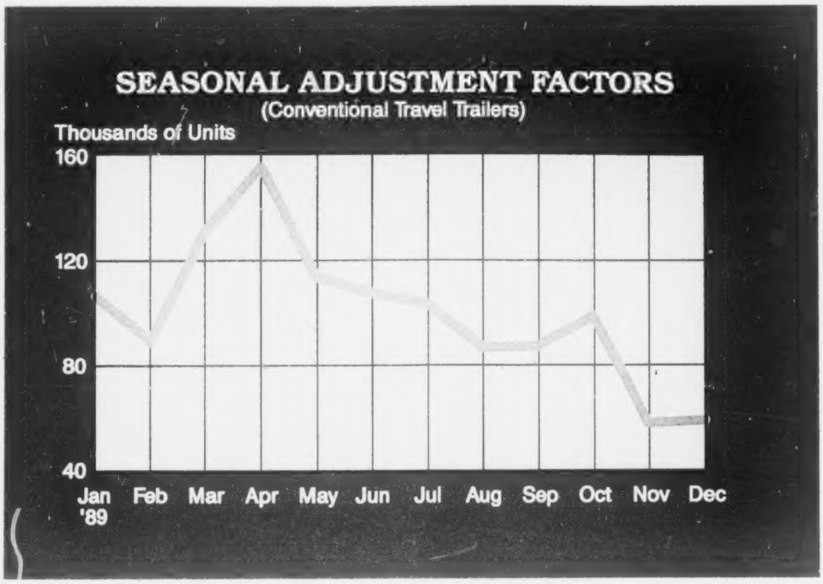


Figure 2

> *Actual shipments peak in the spring, and fall off in the last months of the year. It requires seasonal adjustment to smooth out these normal fluctuations and tell a clearer story than provided by the raw data.*

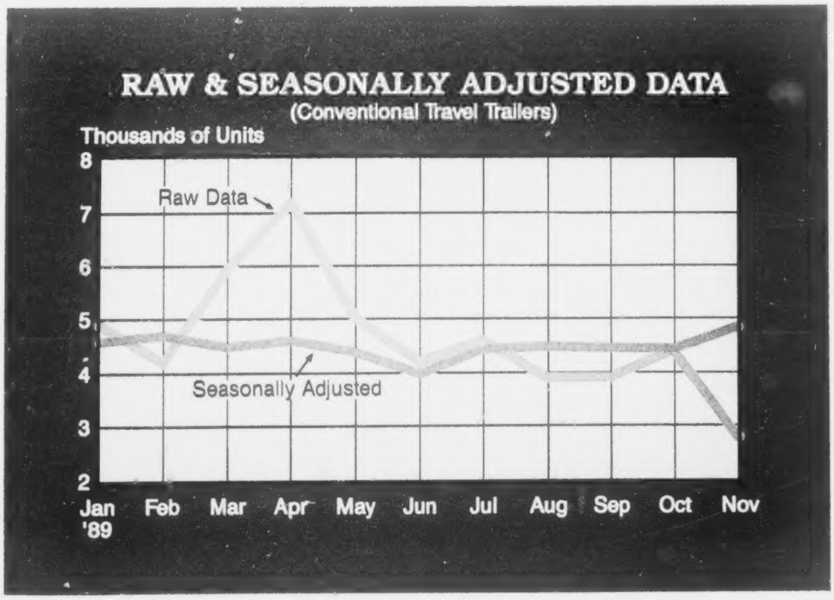


Figure 3

sive *(see column 6 of Table 1)*.

But, when the normal seasonal patterns are taken into account, a different picture emerges. April 1988's 43,000 units were still shipped, but they are equivalent to 34,200 units when adjusted for seasonal patterns *(see column 3 of Table 1)*. The month-to-month changes in both volume and percentage terms (columns 5 and 7) are much less dramatic now.

In fact, March was a down month because the growth in shipments over February was weaker than is normal for that time of the year. In 1988 and 1989, the peak month turned out to be November 1988, when actual shipments were only 32,300. But that raw-shipment figure converted to a remarkable 41,500 seasonally adjusted total, given that November is customarily a slow season of the year. Instead of seeing November '88 as a month of reduced shipments, the analyst, using seasonally adjusted data, is alerted to an unusual bulge, which led to strong reductions in shipments in subsequent months as inventory was worked off.

From *Figure 1*, it is easy to see that actual shipments peak in the spring, and fall off in the last months of the year. It requires seasonal adjustment to smooth out these normal fluctuations and tell a clearer story than provided by the raw data.

Seasonal adjustment of raw data is accomplished by studying a data series over a long period of time. In many instances, RV shipment data extend back to 1972 as a reasonably consistent series. From this history, seasonal patterns can be derived.

If the truly average month is considered to be 100, then a month that normally is 50% stronger in shipments would get a value of 150. A weaker month would have a value below 100. *Figure 2* depicts these seasonal-adjustment factors as they have been developed for conventional travel trailers in 1989.

As seen in *Figure 2*, April is nearly 60% above the average month. November and December are the slowest months, with shipments between 50% and 60% below average. Only October comes close to being a truly average shipment month. These data are also shown in column 2 of *Table 2*. All the seasonal factors for one year together equal 1,200 (100 times 12), so that the annual totals of the raw and seasonally adjusted data come out the same. In *Table 2*, we have only the 11 months of data available at presstime, so the totals are not equal.

To get seasonally adjusted shipments, the seasonal factors (divided by 100) are

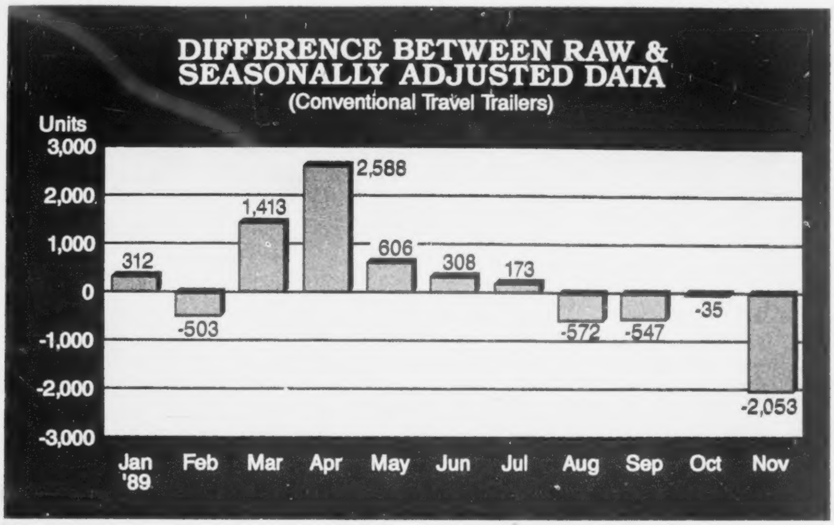


Figure 4

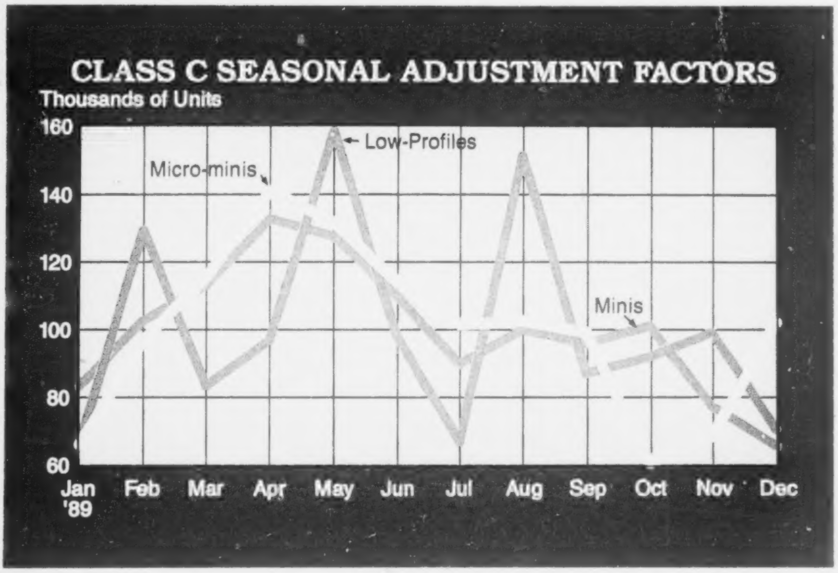


Figure 5

SEASONAL PATTERNS FOR CONVENTIONAL TRAVEL TRAILERS

				Difference		Absolute Value	
Months/ Years	**Raw Data**	**Seasonal Factors**	**Seasonal Adj. Data**	**Number**	**Percent**	**Number**	**Percent**
Jan '89	4,900	106.8	4,588	312	6.4	312	6.4
Feb	4,200	89.3	4,703	– 503	–12.0	503	12.0
Mar	5,900	131.5	4,487	1,413	24.0	1,413	24.0
Apr	7,200	156.1	4,612	2,588	35.9	2,588	35.9
May	5,000	113.8	4,394	606	12.1	606	12.1
Jun	4,200	107.9	3,892	308	7.3	308	7.3
Jul	4,600	103.9	4,427	173	3.8	173	3.8
Aug	3,900	87.2	4,472	– 572	–14.7	572	14.7
Sep	3,900	87.7	4,447	– 547	–14.0	547	14.0
Oct	4,400	99.2	4,435	– 35	–0.8	35	0.8
Nov	2,800	57.7	4,853	–2,053	–73.3	2,053	73.3
Dec	-	58.9	-	-	-	-	-
TOTAL	51,000	1200.0	49,312	-	-	-	-
AVERAGE	4,636	100.0	4,483	153	– 2.3	828	18.6

Table 2

divided into the raw-shipment data. In *Table 2*, column 1 is divided by column 2, which is divided by 100 to equal column 3.

The seasonally adjusted data that result from this calculation provide a clearer picture of shipments in 1989. Instead of seeing a huge swell in shipments in the spring, the seasonally adjusted data in *Figure 3* show a downward trend during those months. Instead of seeing shipments dropping off during the second half of the year, *Figure 3* shows a decided upward trend as 1989 came to a close.

The differences between the raw data and the seasonally adjusted data can be very significant. *Figure 4* shows the difference between the raw data points and the seasonally adjusted data points in *Figure 3*. The overstatement by the raw data for April 1989 was nearly 2,600 units, or 36% *(see columns 5 and 6 of Table 2)*. For November '89, the raw data understated shipments by more than 2,000 units (a 73% difference).

The average difference between the raw data and the seasonally adjusted data is determined by disregrading whether the difference is positive or negative. The average difference shown in columns 5 and 6 of *Table 2* tends to wash out and minimize the distortion. The absolute values are shown in columns 7 and 8 of *Table 2*. On average, the first 11 months of 1989 yielded a difference between raw and adjusted data of more than 800 units, or 18.6%.

It also is important to note that seasonal patterns vary by product. For example, there are three types of Class C motorhomes. As seen in *Figure 5*, low-profile Class C's have a seasonal pattern that is different from the seasonal pattern of minimotorhomes and micro-minimotorhomes. Low-profiles typically have a history of wide swings during the year with three high peaks. Minis and micros track fairly closely together and have a single April peak. Yet, whereas micros have very weak Octobers, October is a typical shipments month for minis.

Thus, the seasonal pattern of each type of product needs to be examined separately. In addition, the seasonal factors that apply for the industry may not apply to the products of each firm because of different geographic market orientations or differences in production and inventory management.

In sum, raw data are valuable since they represent actual resource utilization, but seasonal adjustment of the data keeps attention on trends. Both raw and adjusted data are necessary statistics in understanding the RV market. Δ

LENDERS CITE CONTINUED PROFITABILITY OF RV LOANS

The following has been excerpted from "Recreation Vehicle Financing: A Survey of Lenders' 1988 Experiences," *a report prepared for the Recreation Vehicle Industry Association by John Whitney Associates Inc., a marketing research and forecasting firm specializing in the RV and manufactured-housing industries. RVIA will release figures for 1989 later this year.*

A total of 392 financial institutions representing 9,538 operating locations reported financing family camping vehicles in 1988. This total included 173 banks, 88 savings and loan (S&L) institutions, 33 sales-installment finance companies and 98 credit unions. These lenders averaged almost 12 years' experience in financing new and used recreational vehicles.

Of the financial institutions, 88% said they provided retail direct (two-party) loans for RVs, while 52% were active in retail indirect (dealer-paper) loans, and 36% provided wholesale (floorplanning) loans. Compared to the findings in the 1986 survey (there is no 1987 data for comparison purposes), there were more lenders participating in retail direct and indirect RV financing, and about the same number of lenders in wholesale loans. *(See Figure 1.)*

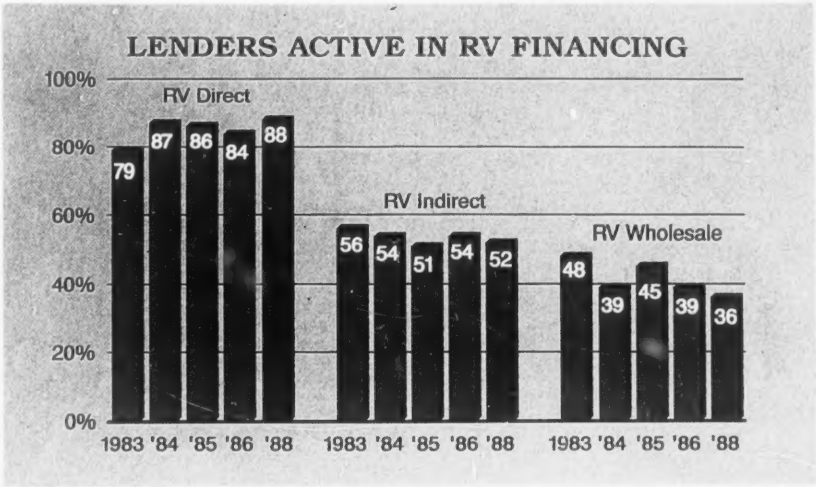


Figure 1

SOURCE: RVIA

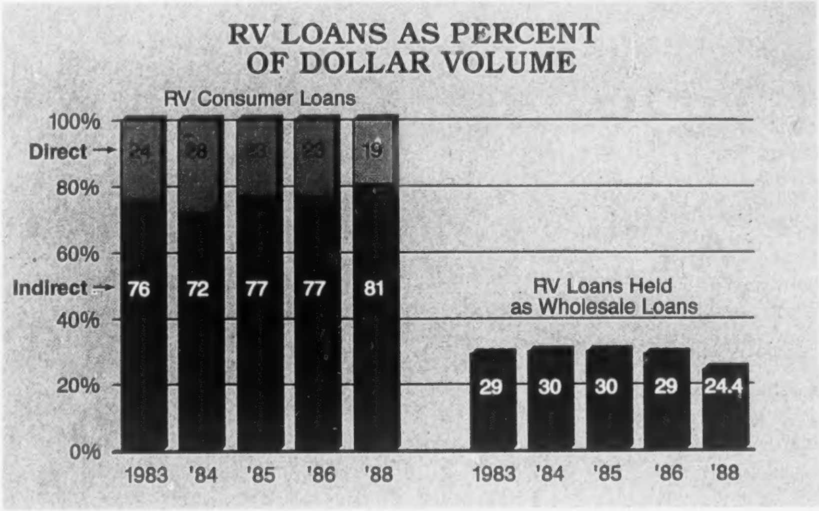


Figure 2

SOURCE: RVIA

However, on a dollar-volume basis, once again most of the RV consumer loans in lenders' portfolios came through dealers. Of the RV consumer-loan outstandings, 81% involved dealer paper, which topped the previous highest share (77%) recorded in the 1985 and 1986 surveys. *(See Figure 2.)* This consistent trend of more indirect financing for RVs continued to differ from the pattern for *all* consumer loans, which still emphasized more direct lending. In the 1988 survey, almost one-half (49%) of *all* consumer loans were made directly through lenders, slightly higher than the 48% share for direct consumer loans in the 1986 survey.

Commercial banks and finance companies combined accounted for 83% of RV indirect-loan dollar volume. Finance firms placed almost all (95.8%) of their RV consumer-loan dollar volume through dealers, while 72% of the commercial banks' RV consumer dollars were indirect loans. Although there were fewer S&Ls reporting in the 1988 survey, they continued to expand their RV business through dealers, with 82% of their RV consumer-loan outstandings in indirect loans. There was some indirect RV loan activity from credit unions, which continued to expand their RV portfolios through direct loans.

On a dollar-volume basis, one-quarter (24.4%) of the total RV loan volume went to floorplanning. This was less than the 29% to 30% levels reported in surveys in previous years. *(See Figure 2.)* Lenders also reduced the percentage of their dollar volume for *all* wholesale loans from 24% in the 1985 and 1986 surveys to 20% in 1988. This probably reflected the strong demand for consumer loans and an emphasis on inventory control during 1988. (The Federal Reserve reported a strong 8.9% increase in consumer-installment dollar outstandings in 1988.) As of Dec. 31, 1988, there was a total of $5,407,239,000 in RV loan outstand-

GRAPHICS: CUSTOM COLOR VISUALS

ings. This represented 6.01% of the total loan portfolio of the 392 reporting institutions.

Sales-installment finance companies accounted for over half (52%) of the total RV loan outstandings in 1988, slightly more than the 50% average share in the 1985 and 86 surveys, but much less than the 60% share of RV dollar volume in 1983 and 1984. Finance firms reported $2,810,968,000 in RV outstandings in 1988, much higher than the $2,018,655,000 reported two years earlier. Well over half (58%) of their 1988 RV dollar volume was in retail indirect loans, 40% was in floorplanning, and only 2.5% was in direct loans to RV consumers.

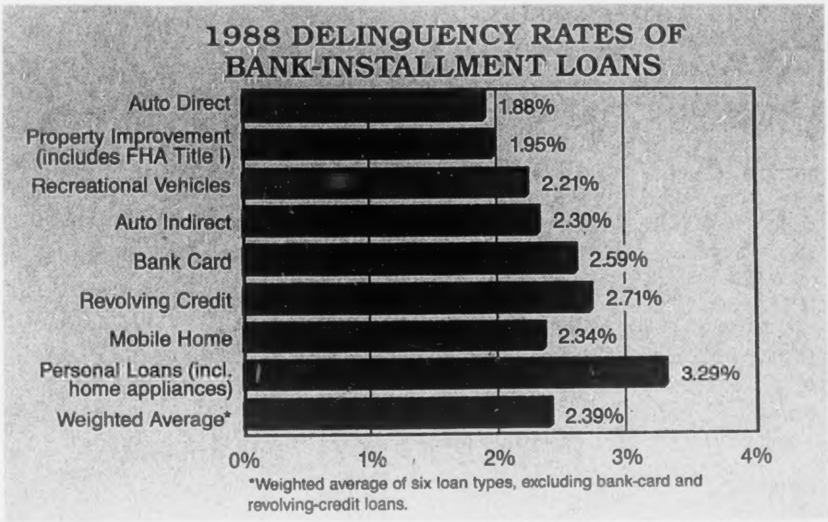
Commercial banks accounted for one-third (33%) of the total RV loan outstandings in 1988, down from the 38% share in 1986. Still, the total RV portfolio of $1,798,293,000 was 18% higher than the $1,522,372,000 reported by commercial banks in 1986. Commercial banks expanded their RV loan portfolio by increasing their indirect lending by 20% over their 1986 level. Almost two-thirds (64%) of the 1988 RV dollar volume were indirect loans, 25% were direct to consumers, and 11% were wholesale loans.

Savings and loan associations, reporting for the sixth time in 1988, accounted for 12.5% of the 1988 total RV loan volume, up from an 11% share two years earlier. The 1988 RV loan outstandings totaled $673,735,000, up 49% from $451,178,000 reported in 1986, even though there were 20 fewer S&Ls reporting in 1988. More than eight out of 10 (81%) of their RV total outstandings were in indirect loans, with 17% in direct loans and only 1% in floorplanning. Compared with 1986, S&Ls increased their RV indirect volume by 80%, but they reduced their RV direct portfolio by 13% and their RV wholesale volume by 21%.

In 1988, credit unions accounted for 2.3% of the total RV loan outstandings with $124,243,000 in 1988, more than double the $51,070,000 in 1986 (up by 143%). Almost all of the RV dollar volume (95%) was in direct loans to consumers.

RV Loans Seen As More Profitable

More than nine out of 10 lenders (93%) said that RV loans compared favorably with automobile loans. Almost half (48%) said that RV loans were more profitable, and another 44% said that RV loans were as profitable, as auto loans. RV loans also continued to compare favorably with other secured installment loans: Over one-quarter (27%) said that RV loans were more profitable, while another 59% said that RV loans were as profitable as other secured installment loans.



*Weighted average of six loan types, excluding bank-card and revolving-credit loans.

Figure 3

SOURCE: AMERICAN BANKERS ASSOCIATION

The favorable report on profitability continued to show up in lenders' future plans. Almost all (98%) of the lenders said they would provide RV financing in 1989. Almost two-thirds (61%) said they would increase their RV loan portfolio, while another 3% said they would start financing RVs in 1989. Another 34% said they would stay at the same size as in 1988, which represented a 34% increase in RV dollar outstandings from 1986.

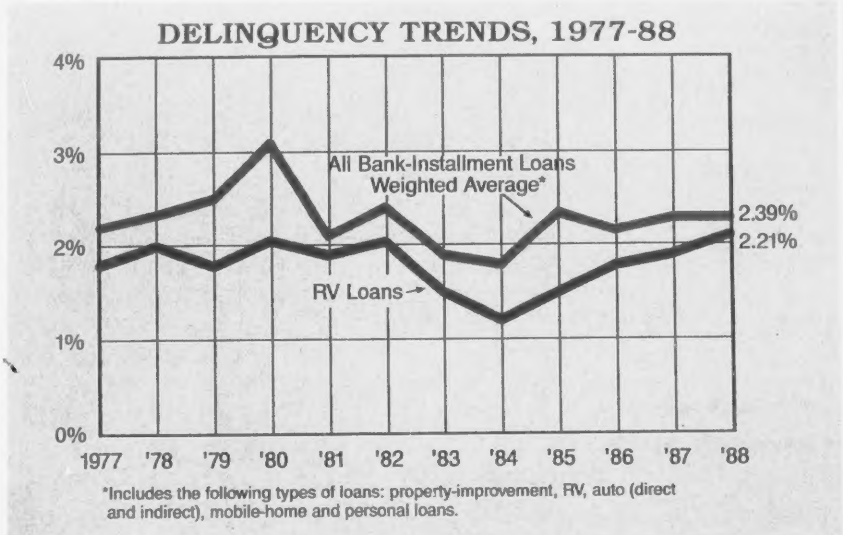
Deliquency, Repossession Rates Drop

The RV delinquency rate came down further from a 1.97% rate in 1986 to a 1.88% delinquency rate for 1988. The default rate was highest among finance firms (2.04%), S&Ls (1.96%) and commercial banks (1.81%). Credit unions had the lowest RV default rate at 1.50%. The American Bankers Association (ABA) showed a 2.21% average delinquency rate for RV portfolios for 1988. *(See Figures 3 and 4.)*

There was a slight drop in the RV repossession rate. In 1986, 1.05% of the 1986 consumer loans for new and used RVs were repossessed. In 1988, 0.91% of the 1988 RV consumer loan outstandings were repossessed. (There were no comparable RV figures from other sources.)

Direct RV Loans to Consumers

In 1988, there were 343 financial institutions that reported 95,138 direct RV loans totaling $757,812,000 in outstandings, a 12% increase from 1986. This represented an



*Includes the following types of loans: property-improvement, RV, auto (direct and indirect), mobile-home and personal loans.

Figure 4

SOURCE: AMERICAN BANKERS ASSOCIATION

average balance of $7,965 per account. There were some major shifts in this market segment. Banks increased their market share to 60% of the 1988 RV direct-loan outstandings with $454,757,000, although this still was well below their peak 69% share in 1985. S&Ls pulled back on their RV direct volume (down by 13% from 1986) to $115,940,000 in 1988, which represented a 15% share. Finance companies also decreased their RV direct volume significantly (a 41% drop from 1986) to $71,348,000 in 1988, which represented only 9% of the RV direct-loan volume. However, credit unions increased their market penetration substantially (up 186%) to $115,767,000, which represented 15% of the 1988 RV direct outstandings.

The 1988 survey revealed that six out of 10 (60%) of the lenders provided RV direct loans on a simple interest basis, while 4% used the add-on method, and 2% used variable rates. Another 7% used both the simple-rate and add-on method, and 21% used both the simple- and variable-rate methods. Overall, 94% of the lenders used simple interest, 16% used add-on, and 29% used variable rates.

Minimum down payments were eased further in 1988. Almost half (48%) of the lenders who offered direct loans for new RVs required less than a 20% down payment, while 43% asked for 20%, and 9% asked for 25% or more minimum down payment. For used RVs, 35% asked for less than 20% down, 39% asked for 20% down, and 20% wanted 25% or a higher-percentage down payment.

The terms of the loans were extended. In 1988, 50% of the lenders extended the maximum maturity on direct loans for new RVs to 120 months or more, while over a quarter (29%) reported 84 to 108 months, and less than a quarter (22%) provided loan terms of 72 months or less.

Six out of 10 lenders provided RV direct loans on a simple interest basis.

Indirect RV Loans to Consumers

There were 205 financial institutions that reported 238,360 indirect RV loans (dealer paper) totaling $3,329,970,000 in outstandings in 1988, a 51% increase from 1986. This represented an average balance of $13,970 per account. Finance companies increased their RV indirect 74% from 1986 to $1,626,441,000 in 1988, which represented a 49% share compared with 42% in 1986. Banks increased their RV indirect to $1,149,760,000 in 1988, but their share dropped to 34% compared with a 43% share of RV indirect volume in 1986. S&Ls increased their RV indirect portfolio by 80% to $548,137,000 in 1988, which represented a 16% share, while credit unions represented only 0.2% of RV indirect volume.

Almost half (47%) of the lenders provided indirect RV loans on a simple-interest basis, while 6% used the add-on method, and 2% used variable rates. There also were 24% who used both simple and variable rates, and 13% who used both simple and add-on methods. Overall, 90% used simple interest, 27% used add-on, and 33% used variable-rate methods. Banks and finance companies used all three accounting methods, while S&Ls and credit unions favored simple interest.

Almost six out of 10 (59%) of the lenders who offered indirect loans for new RVs required less than a 20% down payment in 1988, while 37% required 20%, and 4% asked for 25% or more as a minimum down payment. For used RVs, the minimum down payment was higher, with almost half (47%) asking for 20%, and 13% asking for 25% or more as down payment.

The maximum maturities on indirect loans continued to get longer. Almost 90% of the lenders extended the terms on new-RV loans to 84 months or more. Further, almost three-quarters (71%) extended the terms to 120 months or more.

Wholesale Financing

There were 143 financial institutions that provided $1,319,457,000 worth of floorplanning for recreational vehicles in 1988. Finance companies accounted for 84% of this volume, while the banks provided 15%, and S&Ls held 1%. There were five credit unions that reported doing some floorplanning.

Two-thirds (67%) of the lenders who provided wholesale financing also floorplanned used-RV units.

Lenders who provided floorplanning reported that almost one-third (31%) of the wholesale loans were converted to retail loans when the RV units were sold. The conversion for banks was 32%; S&Ls had 33%, while finance firms reported a 16% conversion rate. On the average, financial institutions floorplanned 97% of the manufacturer's invoice. Δ

All these features in one policy:

- Up to $1 million combined limit for bodily injury and property damage for dealer, owner and renter
- $2,000 medical payments
- Uninsured motorist and personal injury protection, as required by state law
- Comprehensive and collision coverage
- Conversion coverage optional at nominal cost
- Competitively priced — monthly payments for five or more units, no interest

Call or write for a quotation!

More experience... more stability. Only one RV Insurer can make that claim!

American Business Insurance is the pioneer in RV insurance, and the one agency with an "A+ 15" carrier since the program's inception. We offer a single policy that provides necessary coverage for the dealer, owner, renter, and loss payee featuring: ***Nationwide claims service...High limits...Conversion coverage option!***

AMERICAN BUSINESS INSURANCE AGENCY, INC.
10890 Benson • Suite 300 • Overland Park, Kansas 66210-2186
Telephone: 913/451-0500 • FAX: 913/451-3792
The official carrier for American Safari, and an approved carrier for RVRA.

American Business Insurance, Circle 7 on Reader Service Card

C8950-2

RV BUSI

TLE1 20814 069100 STA
*C 9007 958 BOZ
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

7 RVDA Studies RV Technician Certification

7 Coleman to Keep Air Conditioning, Awning Lines

8 Fla. SuperShow Reports Record Attendance

8 RVIA Plans New Cable-TV Show

9 ElDorado Files For Chapter 7 Liquidation

9 Bank Seizes Vyquest Assets, Seeks Buyer

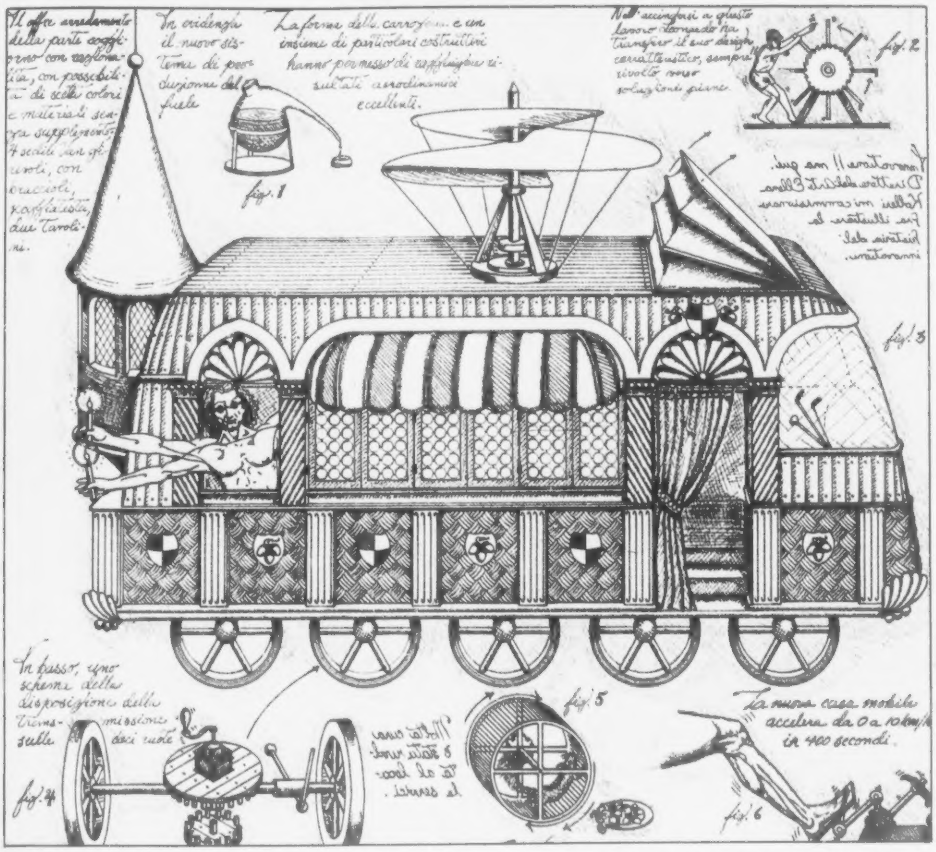
9 Cree Coach Is Acquired

10 RVIA Advisory Panels Meet on Technical Institute

11 Fold-down Makers Foresee Improved 1990 Market

11 Fleetwood Letter Outlines Plans For Coleman Line

13 Washington, D.C., Show Reports Crowds, Sales


Il offre arredamento della parte soggiorno con versatilità, con possibilità di scelta colori e materiali senza supplemento; 4 sedili girevoli, con braccioli, poggiatesta, due tavolini.
In evidenza il nuovo sistema di produzione del fuele
La forma della carrozzeria e un insieme di particolari costruttivi hanno permesso di raggiungere risultati aerodinamici eccellenti.
fig. 1
Nell'accingersi a questo lavoro Leonardo ha trasferito il suo design caratteristico, sempre rivolto verso soluzioni piane.
fig. 2
fig. 3
In basso, uno schema della disposizione della trasmissione sulle dieci ruote
fig. 4
fig. 5
La nuova casa mobile accelera da 0 a 10 km/h in 400 secondi.
fig. 6

INNOVATION: RV manufacturers and suppliers outline their strategies for staying on the leading edge of product development with changes that range from the cosmetic to the revolutionary. See page 26.

Early Shows Seem to Signal Sales Upswing

Reports from promoters and dealers participating in the early-season RV shows indicated that consumer interest is building and that the industry may be leaving behind the doldrums of 1989.

The good news came from both coasts of the country in January, where shows in Florida and Washington state drew unexpectedly strong crowds of consumers in a buying mood.

At the Tacoma RV Show, held Jan. 3-7 in that Washington city's Tacoma Dome, attendance nearly doubled from last year, topping out at just over 35,000, according to Bob O'Loughlin, show producer. O'Loughlin said that a major factor in the high attendance figures was the fact that, for the first time in several years, the show was not in competition with the Seattle Kingdome Show, which was rescheduled to accommodate the NFL playoffs.

Assessing the show from a dealer perspective, Stan Jones, vice president of Tacoma, Wash.-based Central Trailer Sales, said, "The show went very well for us. We were a bit disappointed because we did not make as many sales at the show as we wanted. But we are finding that we are getting a lot of spinoff from the show and have had unusually heavy traffic on our lot since the show ended."

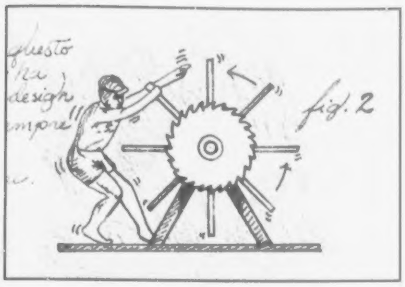
Jones and other Tacoma Dome exhibitors noted that consumers who shopped the show favored Class A's and appeared to show a preference for lower-priced units. "Consumers are very value-conscious right now. They are showing a definite preference for more up-to-date units that are featuring things such as the latest laminates and one-piece roofs," Jones observed.

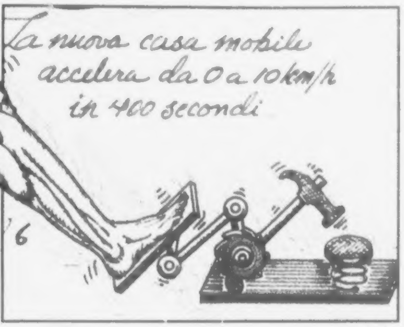
On the other side of the country, at the Florida RV SuperShow, officials of the Florida RV Trade Association, the sponsor

continued on page 14

RV BUSINESS

VOLUME 40, NUMBER 23 MARCH 9, 1990 TWO DOLLARS





26

42

COVER ART: ROBERT LAMARCHE

NEWS AND TRENDS

Industry News 7
RV People 16
RVIA Shipments 18
At Retail 20
DAB Perspective 22

FEATURES

Innovation

RV Makers 26
RV Suppliers 27

In two companion features, RV manufacturers and RV suppliers discuss how and why they gamble on development of new products and technologies. Company executives then outline their different strategies for minimizing the risks and maximizing the chances for consumer acceptance.

DEPARTMENTS

Service 38
Dealer Concepts 40
Calendar 44
In Brief 46
Profitmakers 47
Index to Advertisers 50
Readers' Forum 52
Classified Advertising 55
Commentary 58

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year, $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life*, *MotorHome*, *Rider*, *Trailer Life's Annual RV Buyer's Guide*, *Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

'89 SHIPMENTS TOOK TIME OFF

MORTON J. MARCUS

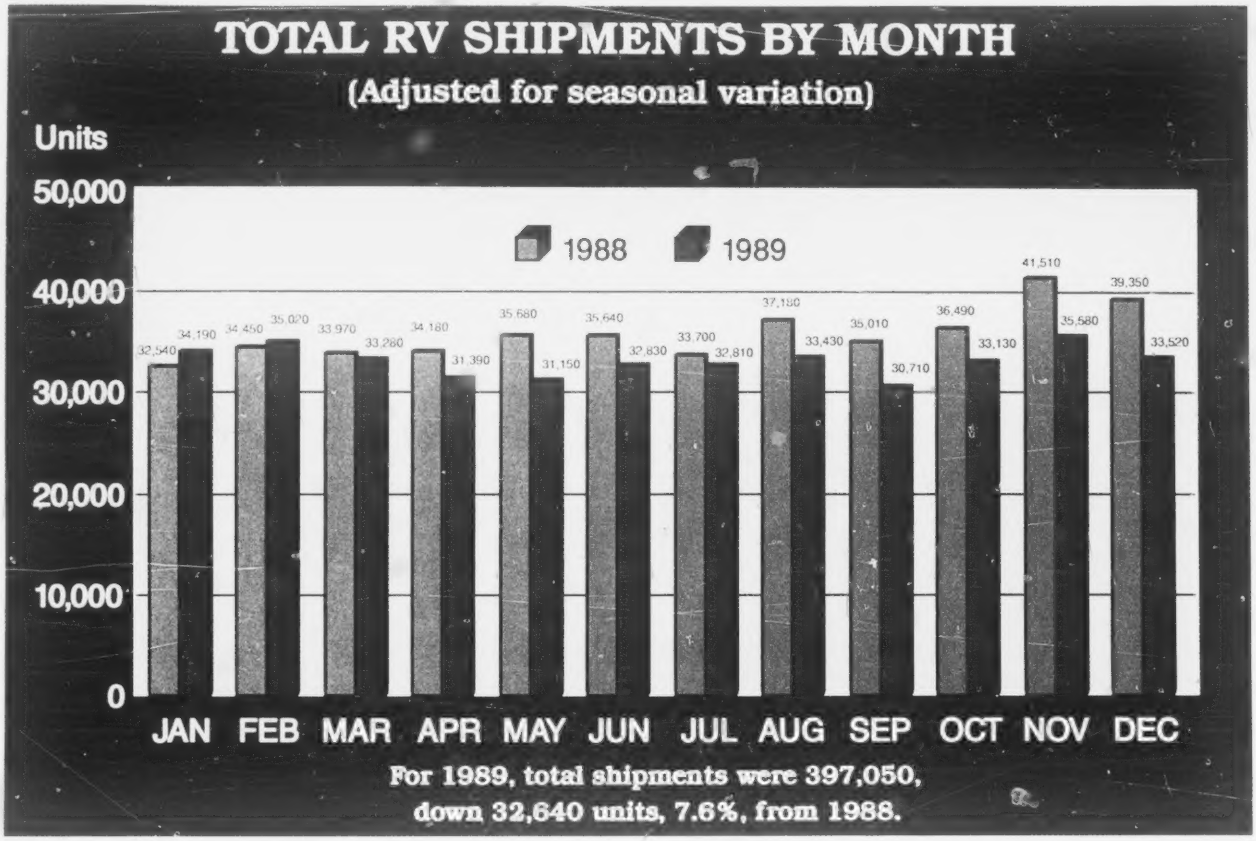


Figure 1

Some readers have suggested that this monthly column should be more upbeat when reporting less-than-ecstatic shipment news. "Don't tell us that shipments were down by 10%," we were advised. "Say that they were 90% of previous levels."

Perhaps economic writers should work part-time in candy factories so that they could learn how to sweeten reality. Many economists are accused of being dismal people; how about this for good-news writing: In 1989, the RV industry enjoyed an unanticipated four-week vacation.

The above statement is the upbeat way of saying that total shipments for the year were almost 33,000 units below 1988. To get that positive spin on the news, we took the rate of shipments in 1988 (about 8,260 units per week) and figured out how many weeks of "vacation time" would be represented by 33,000 fewer units in 1989. Didn't you feel that you had an extra, fun-filled month of vacation time in 1989?

December 1989 was the 10th consecutive month in which shipments were below the level of the corresponding month in 1988. December was the second consecutive month with shipments more than 14% below the tally of the same month in '88.

November 1989 had the honor of being furthest away from its counterpart of 1988, coming in 5,930 units behind November 1988. Last December's point of pride was that, at 14.8% off the 1988 pace, it had the greatest percentage difference from the previous year. *(See Figure 1.)*

The falloff in shipments of towables showed up right at the start in January 1989. At that point, shipments were down by only 3% from 1988, but things never got any better. In each month of 1989, towable shipments continued at a pace behind that of the same month in 1988. June was the low point for towables, with shipments down to 10,200 units, or 23% less than June '88.

1989 closed with December shipments of towables at 11,700, off 11% from December '88. For the year, towables were down by 15,700 units, or 10.5%, from 1988's total. That's equivalent to closing down for about five weeks at the shipment rate of '88.

Motorhomes, however, had a worse experience than towables. Although January 1989 seemed to be a sign of hope, with shipments

GRAPHICS: CUSTOM COLOR VISUALS

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:		
Conventional	13.49	13.55
Park Models	1.87	1.71
Fifth-wheels	7.43	7.27
Folding Camping Trailers	8.59	9.87
Truck Campers	2.50	2.56
TOTAL TOWABLES	33.88	34.97
Motorhomes:		
Class A	8.91	9.65
Class B Van Campers	1.25	1.21
Class C:		
Minis	4.24	5.11
Low Profiles	0.36	0.44
Micro-minis	0.59	0.55
TOTAL MOTORHOMES	15.35	16.97
Multiuse Van Conversions	50.76	48.07

Percentages may not add to total because of rounding.

Figure 2

up by 14% from the opening month of '88, motorhome shipments then quickly fell behind the 1988 pace. By May, shipments were off by 15% from the same month of '88. Motorhome shipments hit bottom in October '89, with shipments down by nearly 31% from a year earlier. December closed out a bad year with shipments down by 27% from 1988. For 1989 as a whole, motorhomes were off by almost 12,000 units, or 16%. This translates into a hiatus in motorhome shipments equal to more than eight weeks, based on the 1988 pace.

Van conversions did not completely escape the general slump in shipments, but they did fare better. Shipments in five of the first seven months of 1989 were up from 1988 levels. But, by November 1989, shipments were down nearly 18% from November 1988, and while December showed an improvement, it was still only 13% below conversions' year-earlier performance. For the full year, van conversions were down from 1988 by 5,000 units, or 2.4%.

December '89 Signals

A detailed look at last December's shipments offers an interesting picture. Although total shipments were lower than in November '89, all of the decline can be seen as a van conversion phenomenon. *(See Figure 3.)* The industry as a whole was down by 2,060 units (6.7%) from November, but December van conversions alone were off by 2,120 units (14%) from November. This means the rest of the industry was up slightly.

Actually, towables were unchanged in December 1989. The December decline of 10 units shown in *Figure 2* could easily be the result of rounding, and thus of no consequence. Similarly, the gain of 70 units by motorhomes is a statistical artifact rather than a number of real meaning.

Within each group, the up-and-down movements from November to December tended to offset each other. Folding camping trailers had a relatively good month (up by nearly 20%), and both truck campers and fifth-wheels showed some gains, too. The increases in these RV categories, however, were canceled out by declines in shipments of conventional travel trailers and park models.

As a group, towables gave evidence of a downward trend in the first six months of 1989, but, in the second half of 1989, the trend for towables has been upward since their June low point.

In like fashion, the December '89 gains of Class A and Class B motorhomes were almost completely offset by a decline in Class C units. For five consecutive months at the end of 1989, motorhomes moved in a tight 2% range between 4,480 and 4,590 units. Motorhomes in 1989 trended downward ever since the 5,830-unit monthly average of the first quarter.

The December '89 decline in van conversions may be of less importance than it would appear. November was an extraordinary month for shipments of van conversions in both 1988 and 1989. In '88, November recorded a huge 30% increase over October shipments. In '89, November again saw a major run-up in shipments over October. In both 1988 and 1989, December moved back toward the pattern of earlier months. What we may have here is a change in seasonal patterns.

Market Share Shifts

As December closed out the calendar year, it was clear that van conversions were the big *relative* gainers in terms of market share. *(See Figure 2.)* During seven months of 1989, conversions had over half the market. For the year as a whole, vans came in with 50.8% of the market. This was a gain of 2.7 market-share points from 48.1% in 1988.

The market gain made by van conversions was predominately at the expense of motorhomes. Sixty percent of van conversions' gain in market share came from motorhomes. Within the motorhome group, only Class B units showed a slight gain in market share. Both Class A's and Class C's lost some of their market share. Although motorhomes averaged a 15.4% market share in 1989, they held less than 13% of the market in December '89, culminating a downward trend that had been in effect for most of the year.

The relative decline of towables in 1989 was not spread evenly within that group. In this sector, the lost market share was due to a 1.3-point loss by folding camping trailers. The small market-share losses registered by convention travel trailers and truck campers were more than offset by the gains of park models and fifth-wheels.

1989 may not have been the way that the industry would have liked to end the decade, but it may have provided at least one useful lesson to the workaholic. There was no point in avoiding vacations and working harder in the sluggish 1989 market; the end result was the same as if we were all on vacation anyway! Δ

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

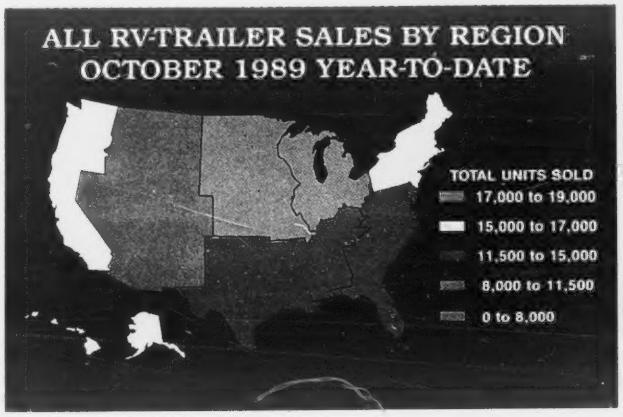
Type of Units	Dec 1989	Change From Nov 1989 Number	Change From Nov 1989 %	Year-to-Date 1989	Year-to-Date 1988	Change Number	Change %
TOTAL RVs	33,520	-2,060	-6.7	397,050	429,690	-32,640	-7.6
Travel Trailers:							
Conventional	4,240	-610	-13.7	53,560	58,240	-4,680	-8.0
Park Models	390	-160	-31.8	7,410	7,350	60	0.9
Fifth-wheels	2,680	120	5.1	29,510	31,260	-1,740	-5.6
Folding Camping Trailers	3,350	560	19.6	34,120	42,400	-8,280	-19.5
Truck Campers	820	70	9.2	9,920	11,000	-1,080	-9.8
TOTAL TOWABLES	11,680	-10	-0.1	134,520	150,250	-15,720	-10.5
Motorhomes:							
Class A	2,820	130	5.0	35,370	41,450	-6,070	-14.7
Class B Van Campers	420	80	18.4	4,970	5,210	-240	-4.6
Class C:							
Minis	1,070	-100	-8.5	16,850	21,960	-5,110	-23.3
Low Profiles	140	140	122.9	1,440	1,900	-460	-24.4
Micro-minis	100	-190	-65.5	2,330	2,380	-50	-2.1
TOTAL MOTORHOMES	4,550	70	1.4	60,970	72,910	-11,940	-16.4
Multiuse Van Conversions	17,290	-2,120	-14.0	201,560	206,540	-4,980	-2.4

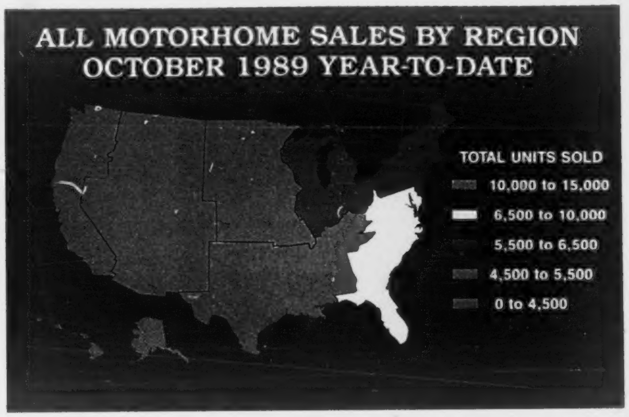
Note: Data rounded to nearest 10 units.

Figure 3

RV SALES DECLINE BEGAN TO SLOW IN OCTOBER '89

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

Retail sales figures for October 1989 show that, for the 1989 year-to-date, the motorhome market was down 6.32% compared with the same 10-month period of 1988. Similarly, the RV-trailer market was down 7.08% for the year-to-date.

However, in a month-to-month comparison, it is clear that the rate of sales decline was slowing for both the motorhome and RV-trailer markets. For example, the motorhome market for October 1989 had a 202-unit decline when a comparison is made with October '88, but this was about half of the decline in September '89 from September '88.

Figure 1 shows the regions of the country ranked according to the percentage change in October 1989 motorhome sales when compared with October '88. In the leading Pacific region, California had the largest percentage gain from its October '88 tally. In the lowest-ranked East North Central region, Ohio recorded the largest decline.

As noted earlier, the motorhome market on a year-to-date basis lagged 1988 by 3,296 units, or 6.32%, by October '89. Yet this deficit was an improvement over the September '89 year-to-date shortfall. In Figure 2, the seven national regions are ranked by their percentage changes for the '89 year-to-date when compared with the same 10-month period in 1988. The South Central region led the pack, with Texas registering the largest gain on a year-to-date basis in that region. The Mountain states came in last among the seven regions, and Arizona was the Mountain state experiencing the largest percentage decline.

As in the motorhome market, the retail figure for RV trailers in October 1989 was down from the sales level of October '88, for a total drop of 3.20%, or 240 units. But, again, this was an improvement over the market decline in September '89 compared with September '88. Figure 3 lists the na-

MOTORHOMES, OCT. '89

Oct. '89 Rank	Region	% of Change From Oct. '88	Sept. '89 Rank
1	Pacific	7.1	3
2	S. Atlantic	– 2.0	1
3	Mountain	– 9.3	5
4	Northeast	–12.7	4
5	W.N. Central	–12.7	6
6	S. Central	–13.0	2
7	E.N. Central	–15.7	7

Figure 1

MOTORHOMES, YEAR-TO-DATE

Oct. '89 Rank	Region	% of Change Year-to-Date	Sept. '89 Rank
1	S. Central	– 1.7	1
2	Pacific	– 4.2	2
3	W.N. Central	– 6.6	3
4	S. Atlantic	– 7.5	5
5	E.N. Central	– 7.9	4
6	Northeast	– 8.6	6
7	Mountain	–11.2	7

Figure 2

RV TRAILERS, OCT. '89

Oct. '89 Rank	Region	% of Change From Oct. '88	Sept. '89 Rank
1	W.N. Central	12.4	4
2	S. Central	7.3	2
3	E.N. Central	3.8	7
4	Northeast	– 3.8	5
5	S. Atlantic	– 7.4	1
6	Pacific	– 8.8	3
7	Mountain	–19.1	6

Figure 3

RV TRAILERS, YEAR-TO-DATE

Oct. '89 Rank	Region	% of Change Year-to-Date	Sept. '89 Rank
1	S. Central	0.2	1
2	Mountain	– 4.5	2
3	W.N. Central	– 4.8	4
4	S. Atlantic	– 6.1	3
5	Pacific	– 6.8	5
6	E.N. Central	– 9.4	6
7	Northeast	–13.1	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

tional regions according to the percentage change in RV-trailer sales from October '88. The West North Central region topped the rankings for the month, with Nebraska having the largest gain in the region. Meanwhile, the Mountain region trailed all others, and Utah reported the largest decline among the Mountain states.

> *Although regional markets that were strong in the beginning of the year were slowing down, other markets had come on strong to decrease the sales shortfall compared with 1988.*

For the year-to-date in October 1989, the RV-trailer market was down by 7,730 units, or 7.08% as noted earlier. However, once more, this was an improvement over the year-to-date deficit recorded in September '89. Figure 4 ranks all regions by their October '89 year-to-date percent of change from the same period in 1988. The South Central region led the rankings, with Oklahoma having the largest year-to-date gain over 1988. The Northeast region lagged all others, and Massachusetts had the largest decline among the Northeastern states.

From these figures, it is clear that the rate of retail decline for both the RV-trailer and motorhome markets was slowing by October 1989. Although regional markets that were strong in the beginning of the year were slowing down, other markets had come on strong to decrease the sales shortfall compared with 1988. The East North Central and the South Central markets are excellent examples of these late-in-1989 regional changes.

As a result, the RV market as a whole should finish out 1989 very close to the retail sales total of 1988. The inventory rate adjustment, combined with the strong retail finish, should put the RV industry in good shape as it enters the 1990 market. ∆

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

SEASONED TRAVELER

No other electronic brake control in the world has racked up as many safe and reliable stops as the Tekonsha 2030. The 2030 has truly proportionate stopping power for smooth, worry free braking—plus durable, solid-state electronic components protected by a rugged casing. The 2030 is so dependable we guarantee its trouble free performance for 3 years.

At Tekonsha we're pretty proud of our seasoned traveler. Because the 2030 has been the most popular brake control for anyone traveling with a trailer for over 15 years.

Tekonsha Engineering, 537 N. Church St., Tekonsha, MI 49092. 517.767.4142

Over Two Billion Miles Of Smooth Reliable Brake Control.

Tekonsha
We're with you all the way

©1990 Tekonsha Engineering Company

MAXIMUM STABILITY. MINIMUM PRICE.

Big Savings for Motorhome Owners! Can be used on fifth wheels and trailers too! B.A.L.'S new *RV Stabilizer Jack* provides maximum stability and sets up in seconds. Simple to operate with 2-piece chromed jack handle. Does not permanently attach to vehicle. Lightweight and easy to store. Model 29000 (One unit. Stabilizes either front or rear.)

BAL PRODUCTS

Bal Products
ADivision of NORCO Industries
365 Victoria St., Compton, CA 90220
Telephone (213) 636-1176 or 639-4000

DAB ENDS YEAR ON DISCOURAGING NOTE

GAYLORD MAXWELL

1989 ended on a somewhat discouraging note for most members of RVB's Dealer Advisory Board (DAB). December is always a somewhat discouraging month, and December '89 was even weaker than the same month in 1988.

The DAB members took in fewer dollars in December '89 than in December of the previous year; they sold fewer new units, and they sold fewer used. Two-thirds of them were down individually in sales volume. Four out of the five RV types were down in sales of new units (truck campers were up by two units), while three categories were down in used (both folding camping trailers and fifth-wheels made the plus columns by one unit each). In general, DAB members rated profits as low, particularly bottom lines.

More than half of the board members considered both their new and used inventories to be high. Lot traffic was considered poor, and new buyers were reported to be very scarce.

At the end of 1989, the board's aggregate sales volume exceeded that of 1988 by only a fraction of a percent. Considering inflation, dealers actually took in fewer dollars. Unit totals, both new and used, were down compared with the previous year. In nearly all respects, RV dealers fared less well in 1989 than they did in 1988.

Motorhomes

Most motorhome dealers' unit volumes were off by a unit or two last December. Only one had a significant increase – from two units sold in December '88 to six in December '89. Somewhat surprisingly, most deals produced decent grosses for the month, since the majority of the dealers reported profits as good for this RV type. As in the previous year, used units outsold new ones.

Although 1989 ended up behind 1988 in total motorhome-sales numbers, the 3% drop was far from disastrous. In general, it wasn't a bad year, particularly for some large motorhome specialists. Some dealers may have been down by a few units, but their numbers were still impressive.

Travel Trailers

In terms of percentages, the travel-trailer market sagged enormously last December. However, the unit numbers were not large, which distorted the percentage measure.

Only one dealer of this type managed to surpass December 1988's total. Five advisory-board dealers did not sell a single unit! Used units moved about as poorly as new units. Profit ratings were primarily in the poor column.

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	DEC. 1989	DEC. 1988	% CHANGE	1989	1988	% CHANGE	DEC. 1989	DEC. 1988	% CHANGE	1989	1988	% CHANGE
MOTORHOMES	62	64	−12	1,617	1,665	−3	64	78	−18	1,487	1,536	−3
TRAVEL TRAILERS	29	44	−34	1,084	1,156	−6	31	40	−23	1,113	1,157	−4
TRUCK CAMPERS	21	19	+11	250	305	−18	4	3	+33	116	169	−31
CAMPING TRAILERS	2	3	−33	953	952	< +1	1	6	−83	330	348	−5
FIFTH-WHEELS	16	20	−20	423	385	+10	13	12	+8	174	177	−2

	FOR MONTH			YEAR-TO-DATE		
	DEC. 1989	DEC. 1988	% CHANGE	1989	1988	% CHANGE
SALES VOLUME	$6,427,610	$7,238,363	−11	$150,019,881	$149,970,338	< +1
TOTAL UNIT SALES	243	298	−18	7,058	7,361	−4
NEW-UNIT SALES	130	159	−18	4,058	4,201	−3
USED-UNIT SALES	113	139	−20	2,999	3,160	−5

The 6% new-unit drop in 1989 from 1988 was not huge, but it clearly indicated that this particular segment of the market has problems. Since this RV type is most often the entry-level category, perhaps the lower interest rates predicted for 1990 will bring in buyers who are looking for lower payments.

Truck Campers

For the first time in many months, sales of new units for the last month of 1989 surpassed the number of new units sold in the same month of '88. The increase by two units did not signify a market surge, but, as the only plus of all types, it was a shining light last December. Used units moved very slowly, but they also managed to show a percentage increase. Profits were rated excellent by the advisory board's top truck-camper dealer.

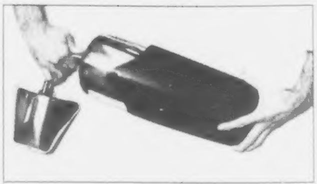
For 1989 as a whole, truck-camper sales showed a significant drop in both new and used units. It should be noted that some of the apparent decline was due to the fact that dealers on the board sometimes try to sell this type of unit one year and then drop it the next, somewhat distorting our sales figures.

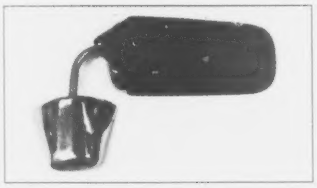
Folding Camping Trailers

Our camping-trailer sales figures for December '89 were quite small, which made percentage changes rather meaningless. However, our totals for the year of 1989 as a whole showed that some of our DAB members who sell camping trailers didn't do too badly.

The 1989 new-unit total was up by one unit from '88, while the used total dropped by only 5%. It should be noted that, to some extent, comparisons between 1988 and 1989 are distorted by the fact that one of our DAB members made a large discount purchase of units, which he passed on to the public. In general, however, most dealers didn't do quite as well in 1989 as they did in the previous year.

continued





X-TEND YOUR PROFITS
with
X-TEND-A-VIEW
CUSTOM TOWING MIRRORS

Provides towing vision without obstructing existing mirror.
Available for: CHEVY/GMC FULL SIZE, S-10, DODGE & FORD PICKUP & VAN

* No tools required.
* Slides over existing mirror.
* Installs quickly and securely.
* Removable just as fast, leaves no marks or holes in your truck.
* Maintains aerodynamic shape of your mirror. Will not create wind noise or vibration.
* All durable corrosion resistant construction. Patent #4892-401

INNOVATIVE SALES LIMITED
6695 Highland Rd., Suite 202
Pontiac, MI 48054
1-800-444-9134

DAB PERSPECTIVE *continued*

Fifth-wheels

The 20% drop last December was the greatest monthly decline for this type for all of 1989. However, for 1989 as a whole, fivers were the most successful of all the RV types. Their 10% sales increase over 1988 was clearly an indication that the fiver market was in reasonably good shape. Meanwhile, used sales were barely in the plus column for the month, and they were down for the year. Profit ratings were on the low side in December '89. Δ

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 22 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **David McMann,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Robert Jensen,** Layton, Utah; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

Fresh filtered convenience, new from AMETEK.

Here's the way to remove unpleasant tastes, odors and sediment from water without the trouble and expense of a permanent installation. It's the AMETEK Countertop Filtration Unit and it gives your customers great tasting water anywhere they want it.

Simply remove the aerator from any standard faucet and replace it with the diverter valve/aerator supplied. (An adaptor is available for faucets without an aerator.) Tap water flows into the sink for routine use, but at the touch of a button, it passes through the filter for drinking and food preparation. Here is the fully portable solution to clean, tasty water in the kitchen, bathroom, vacation home, RV or boat!

Granular Activated Carbon cartridge is included for removal of foul tastes/odors. Sediment cartridge is also available. Get full details from AMETEK, Plymouth Products Division, P.O. Box 1047, Sheboygan, WI 53082-1047. Tel: 1-800-222-7558 (In WI 414-457-9435). Fax: 414-457-6652.

American made by the quality leader
AMETEK
PLYMOUTH PRODUCTS DIVISION

C8956-2

RV BUSINESS

TLE1 20814 069100 STA
*C 9007 958 BOZ
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

MARCH 23, 1990

Industry Drive Targets Calif. RV Licensing

A major, industrywide campaign to block California's special RV-licensing requirements accelerated into high gear in late February and early March when RVIA and the Good Sam Club® launched a grass-roots campaign aimed at California state legislators.

In mid-February, mailings were sent by Good Sam Executive Director Sue Bray to several thousand Good Sam-member RV owners in California. The mailings urged RVers to contact their state assemblymen and senators to voice their support for an amendment to Senate Bill 448 (later changed to SB 1510). The amendment would overturn the current law requiring all drivers who tow RV-trailers over 9,000 pounds gross weight to have a noncommercial Class A operator's license. To obtain that license, drivers must pass a medical exam administered by a physician and paid for by the applicant, as well as special driving-skills and written tests.

The mailings, whose funding was shared by RVIA and TL Enterprises, resulted in "an avalanche of protest by Good Sam members to their elected legislators. We targeted California Assembly Transportation Committee members. Less than a week after the mailings, we heard from various members of the committee, who were being deluged with calls from our members. When some 230,000 voting Good Sam Rvers gets behind an issue, it causes a reaction," said Bray.

That reaction, scheduled to be debated on March 5 at a Transportation Committee hearing, was postponed to at least March 19 and possibly later.

continued on page 13

COOLING THE OZONE CRISIS: RV air-conditioning manufacturers discuss how they are changing their products in response to the global drive to limit or eliminate many key refrigerants in an effort to protect the earth's ozone layer. See page 32.

RVIA Meeting Honors Leaders, Debuts Arbitration Program

RVIA and the Chevrolet Motor Division, Warren, Mich., are close to reaching an agreement on development of a consumer-manufacturer arbitration program, announced RVIA and Chevrolet officials at RVIA's annual meeting, Feb. 28-March 4 in Scottsdale, Ariz.

The new program – initiated by RVIA because it did not want to go "head to head" with the automakers and a growing number of state legislatures during an era when lemon laws are becoming more stringent – is aimed at giving van and motorhome owners access to a quick, low-cost solution during unit buy-back proceedings. Chevrolet and RVIA hope to develop a process for assigning financial responsibility to the motorhome maker, the van converter and/or Chevrolet as a major RV chassis supplier.

"We tried to come up with an alternative (to lemon laws), and that was to ask the auto companies to prepare some kind of a process so that we can enter into voluntary, binding arbitration to resolve differences," RVIA President David Humphreys told 293 RVIA members at the Scottsdale Princess Hotel. "When a motorhome has to be repurchased, it (the arbitration program) will have whoever is responsible for the problem pay for the cost. That's something the auto companies have agreed with us in principal, and we are working hard to come up with such a process. We think it's a win-win deal for everybody."

Chevrolet Vice President and General Manager James C. Perkins, the keynote speaker at the RVIA event, said the program is a natural outgrowth of the "age of consumerism" and will better enable RV makers and Chevrolet to deal with the "potential onslaught" of lemon-

continued on page 13

7 Micro Makers Report Renewed Sales Growth

7 Chevrolet Has Spring Shortage Of 'C' Chassis

7 Mark III Debuts Program to Meet '91 Safety Rules

8 Boats' 1989 Slump Parallels RV Downturn

8 Coachmen Plans Press Conference On Orion Project

9 RVIA Studies Electricity Usage For Code Change

9 New Firm Buys Komfort In Oregon

9 TRVA Revives '90 Fall Show

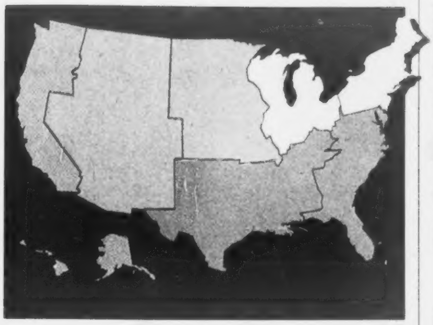
10 South Bend Show Timing Changed for '91

11 Rental Fleets Increase Use of RV Leasebacks

12 GM, Ford Offer Sport Utilities With RV Appeal

RV BUSINESS

VOLUME 40, NUMBER 24 MARCH 23, 1990 TWO DOLLARS



20

41

COVER ART: SHELLY SHAFFER

NEWS AND TRENDS

Industry News 7
RV People 17
At Retail 20
Quarterly Forecast 24
Blue Chip Consensus 26

FEATURES

NVCA Show 29
Attendees at the National Van Conversion Association's Sixth Annual Supplier Showcase in South Bend, Ind., can use this special section's floorplans, exhibitor lists and calendar of events to plan their visit.
Cooling the Ozone Crisis 32
Environmental concern about the deterioration of the earth's ozone layer is leading to regulation that is limiting, and may eventually eliminate, the use of a number of the key refrigerants for RV air conditioning. RV air-conditioning manufacturers discuss how they are changing their products to meet that challenge without sacrificing interior comfort.

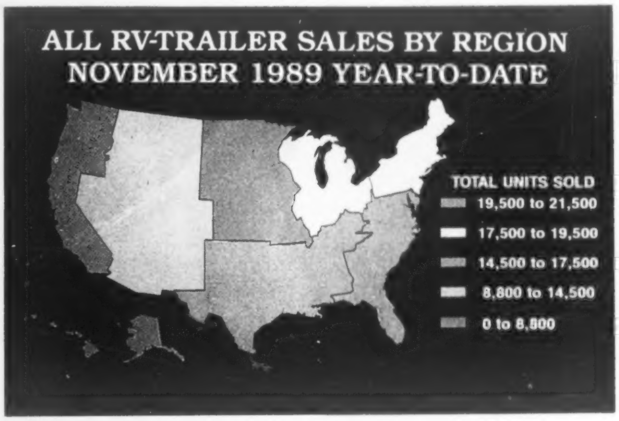
DEPARTMENTS

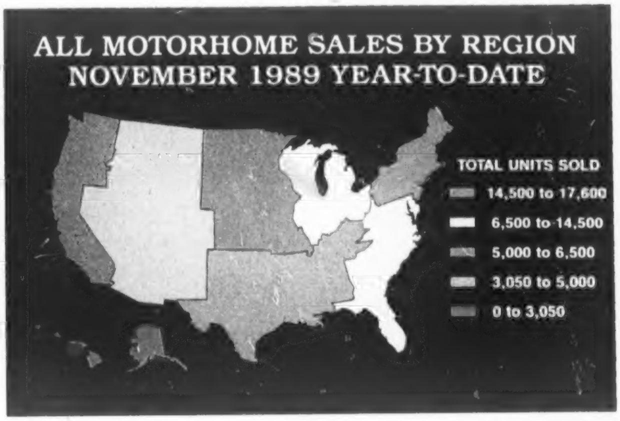
Dealer Concept 41
Calendar 45
New Literature 46
Index to Advertisers 46
In Brief 48
Profitmakers 50
Classified Advertising 52
Readers' Forum 53
Commentary 54

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year, $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

DOWNWARD SALES TREND WORSENED IN NOVEMBER '89

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

Both motorhome and RV-trailer retail figures for November 1989 revealed that the industry was continuing to lag behind its 1988 pace. The motorhome market for the 1989 year-to-date was down 6.95% compared with the same 11-month period of 1988, while November's RV-trailer market trailed 1988's cumulative total by an even larger 7.2%.

The motorhome market was down 653 units, or 16.3%, in November '89 when compared with the previous November. This represented an acceleration of a downward trend, since November's decline was 400 units larger than the unit-sales decrease of October '89 from October '88.

Figure 1 ranks the seven regions of the country by their percentage change in motorhome sales in November '89 compared with the previous November. The South Central region topped the rankings, with Arkansas having the largest percentage gain in the region. Among the bottom-ranked East North Central states, Michigan reported the largest percentage decline.

As mentioned earlier, the motorhome market was down 6.9%, or 3,899 units, for the year-to-date by November '89, and this was a 600-unit worsening of the year-to-date sales deficit registered in October '89.

Figure 2 provides a regional ranking based on the percentage change in motorhome sales for the 1989 year-to-date compared with the same 11 months of '88. The South Central region again led all others, with Texas recording the largest percentage gain for the year-to-date. The Mountain region trailed the pack, and Arizona experienced the largest decline among the Mountain states.

The RV-trailer retail market was down by 579 units when sales for November '89 are compared with November '88. And that decline was almost 300 units deeper than the

MOTORHOMES, NOV. '89

Nov. '89 Rank	Region	% of Change From Nov. '88	Oct. '89 Rank
1	S. Central	0.6	6
2	S. Atlantic	– 6.5	2
3	W.N. Central	–10.3	5
4	Mountain	–18.9	3
5	Northeast	–20.0	4
6	Pacific	–22.5	1
7	E.N. Central	–23.3	7

Figure 1

MOTORHOMES, YEAR-TO-DATE

Nov. '89 Rank	Region	% of Change Year-to-Date	Oct. '89 Rank
1	S. Central	– 1.4	1
2	Pacific	– 5.6	2
3	W.N. Central	– 6.8	3
4	S. Atlantic	– 7.4	4
5	E.N. Central	– 8.8	5
6	Northeast	– 9.2	6
7	Mountain	–11.6	7

Figure 2

RV TRAILERS, NOV. '89

Nov. '89 Rank	Region	% of Change From Nov. '88	Oct. '89 Rank
1	S. Central	5.7	2
2	S. Atlantic	– 3.7	5
3	W.N. Central	– 5.6	1
4	Mountain	– 9.9	7
5	Northeast	–10.3	4
6	E.N. Central	–12.2	3
7	Pacific	–23.8	6

Figure 3

RV TRAILERS, YEAR-TO-DATE

Nov. '89 Rank	Region	% of Change Year-to-Date	Oct. '89 Rank
1	S. Central	0.5	1
2	W.N. Central	– 4.8	3
3	Mountain	– 4.8	2
4	S. Atlantic	– 6.0	4
5	Pacific	– 7.9	5
6	E.N. Central	– 9.4	6
7	Northeast	–13.0	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

AT RETAIL *continued*

drop already recorded in October 1989 sales compared with October '88.

In Figure 3, the national regions are ranked by their percentage change in RV-trailer retail figures in November 1989 compared with November of the previous year. The South Central region outstripped the six other regions with a strong increase of [illegible]7% over November '88, with Alabama leading the region's states in terms of percentage gain in sales. Meanwhile, the Pacific region fell to last place with a 23.8% drop for November, with Washington having the largest decline of the Pacific states.

For the year-to-date in November 1989, RV-trailer sales were down 7.2%, or 8,263 units, as noted above. This deficit was a 1,500-unit worsening of the year-to-date shortfall recorded in October 1989.

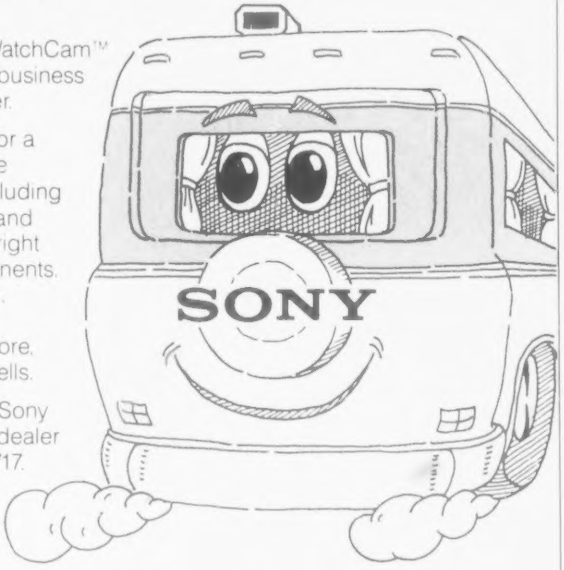
> *If the cycle continues, December figures should show a stronger market.*

As shown in Figure 4, the South Central region was No. 1 in terms of percentage change in trailer sales for the first 11 months of 1989 compared with the same period of 1988. In that region, Oklahoma recorded the largest percent gain for the year-to-date. At the same time, the Northeast states as a group trailed the rankings, with Massachusetts reporting the largest percentage decline.

The November '89 retail numbers were an indication of the problem that the market experienced throughout 1989: October numbers had come on strong, only to have November sales go soft again. This tendency of sales to blow hot and cold kept the RV market from putting together any substantial drive last year. At a more microeconomic level, the different sections of the country performed in the same up-and-down fashion.

The resulting lack of progress convinced some dealers and manufacturers that they were dealing with a depressed market last year. True, the market was down in 1989, but it was not a depressed market. As of November '89, the RV market was still only 7% off its 1988 pace. If the hot-and-cold cycle continues, December figures should show a stronger market once more, so that final 1989 retail numbers could finish on an upward note. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.



Your Business Can Look Better Than Ever

As a Sony Automotive WatchCam™ Rear Vision dealer, your business can look better than ever.

A high quality product for a ready market. Innovative design and features, including multiple camera inputs and built-in audio. A clear, bright picture. Rugged components. Complete sales support. Nationwide advertising and promotions, and more, including a name that sells.

Become an Authorized Sony Automotive WatchCam dealer today. Call 1-800-442-7717. Or call Sony direct 201-368-5018.

SONY REAR VISION SYSTEM

SONY.

© 1989 Sony Corporation of America
Sony and WatchCam are trademarks of Sony

The
BRITEX
Cleaning System.
BRITEX
BRITEX
BRITEX
BRITEX
RV Care Products

INTRODUCING THE BRITEX®

SALES PROMOTER

ATTRACTIVE FREESTANDING DISPLAY WITH QUALITY RV CARE PRODUCTS THAT KEEP BRINGING CUSTOMERS BACK!

The Britex line of RV Cleaning and Care Products has had dramatic success. Customers rave about the quality and effectiveness of the products. Dealers love the quick turnover and the repeat customers.

Now we've made it easy for you to join in on the success. We're offering this new 25-bottle display FREE with your initial start up order of: 8 Heavy Duty RV Cleaner 1 qt. bottles, 6 Britex Gold All Purpose Cleaner 25 oz. spray bottles, 4 Awning Cleaner 1 qt. bottles, 4 Fiberglass 1 pt. bottles and 3 E•Z•Wax 24 oz. spray bottles.

To find out how to get your Britex "Sales Promoter" call your local distributor or Mike Monahan at Brogdex Company **Toll Free 1-800-877-8000 (tone) 702-2256**

BRITEX®

1441 W. Second St. • Pomona, CA 91766

Quality products of the Brogdex Company... since 1922

RECOVERY ANTICIPATED IN 1990

MORTON J. MARCUS

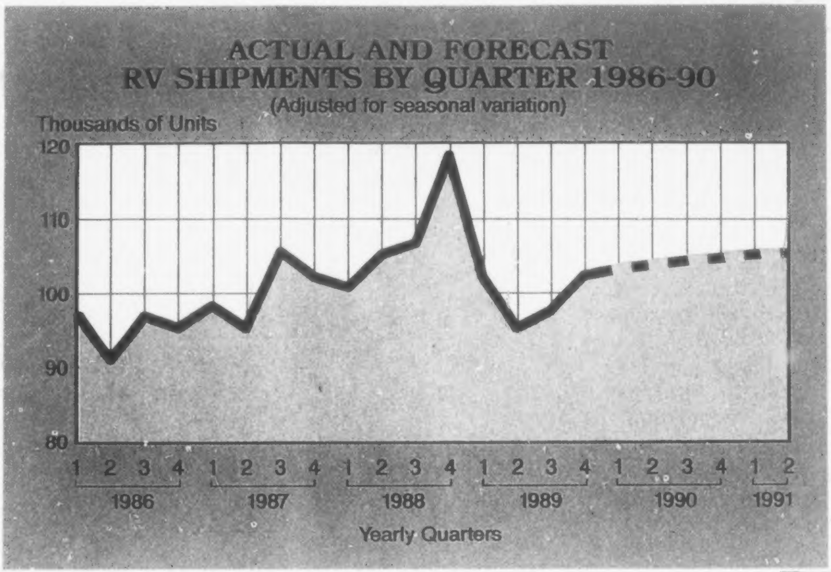


Figure 1

In mid-1989, the RV industry touched the bottom of the current cycle in shipments and began a slow, upward climb. The low point was reached at 95,500 units in the second quarter of 1989. The third quarter was up by 2,100 units, and the year closed with a gain of 4,900 units from the second quarter's lowpoint.

Apparently, we were a bit too conservative in our last forecast for the fourth quarter of '89. In January, we forecast a 1989 shipments total of 98,300 units, and the year-end figure came in at 102,500, a difference of 4%. The somewhat stronger performance came from another unusually strong fourth quarter for van conversions and added strength in travel trailers and folding camping trailers.

Slow, Steady Growth

We now forecast an improvement each quarter into the middle of 1991. But we do not expect strong gains. *(See Figure 1.)*

We have slightly raised our forecast for 1990 shipments: They should total more than 416,000 units, about 18,000 units (4.6%) higher than the level for 1989. But this growth is not as robust as we forecast in January, when we expected a 5% shipments increase for '90. This is because some of the gains anticipated at that time may have already been realized in the closing months of 1989.

The quarterly trend shown in Figure 1 is clearly upward, but the rate of growth is neither steady nor strong. Six quarters into the future (from the fourth quarter of 1989 to the second quarter of 1991), shipments are forecast to have advanced by only 2,900 units. The average gain per quarter is about 500 units. That growth rate would be significant for a single manufacturer, but it is very small for an industry of this magnitude.

This somewhat less-cheerful forecast, which does not foresee '90 gains as strong as previously predicted, is due to a slower economy, which will right itself later in 1990 – but only after a very weak opening to this year. In the process, the RV industry also will improve, but slowly.

The Detailed Outlook

All segments of the RV industry entered this year on a down note after a weak performance in 1989. Shipments for the various RV types were anywhere from 2% to 22% below those of 1988. *(See Figure 2.)*

We still see 1990 as a year of recovery. The gains are obvious in some market segments and less clear in others. Do not be deceived by all of the aggregated numbers for 1990 in Figure 2. We expect towables in 1990 to be only 700 units over the 1989 level, with a weak 0.5% gain, although folding camping trailers and truck campers are seen to have rebounds for the year. In fact, for each quarter of the year, truck campers are forecast to make gains. Meanwhile, the downward slide of folding camping trailers should end in 1990.

Motorhome shipment figures tell a different story. Motorhomes as a group are down for 1990, but the quarterly trend for some types is positive. For example, Class B and Class C units are now forecast to improve each quarter, starting in the first quarter of 1990. For Class C units, that means the fourth quarter of 1990 is expected to end up 20% higher than the shipments level in the same quarter of '89.

On the other hand, Class A motorhomes will be down from 1989. Some consolation may be taken, however, from the fact that Class A shipments in the last quarter of 1990 will be just 2.4%, or 200 units, lower than the shipments tally in the fourth quarter of '89.

Van conversions in 1990 will continue to increase their market share. In 1988, van conversions captured just under 45% of the total RV market; in 1989, conversions had nearly 51% market share. By the end of 1990, vans could well have more than a 53% market share. This market gain would be the result of an 11% increase in van-conversion shipments in 1990.

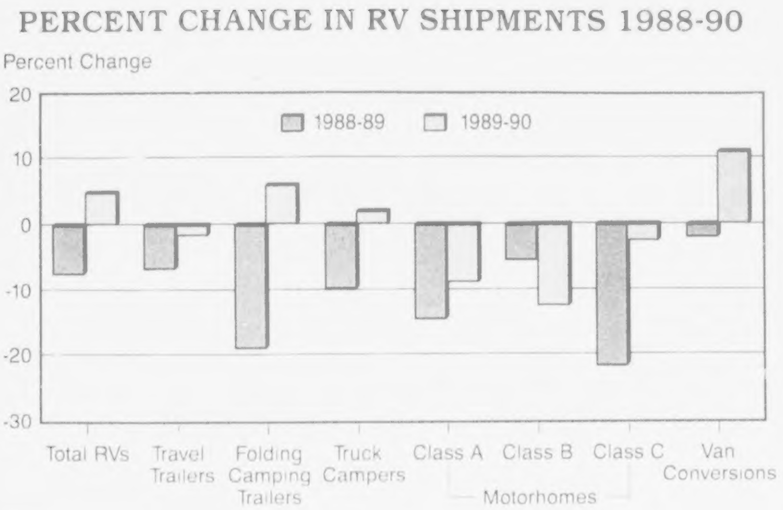
The National Outlook

We expect final figures to show that the national economy grew very slowly during the winter of 1989-90. In the last quarter of 1989, economic growth, after adjustment for inflation, was less than 1%. In the first quarter of 1990, growth is forecast to be as close to zero as it can get.

After the first quarter, however, we believe that the pace of economic activity will improve, although the economy does not promise to be exceptionally robust.

For the calendar-year 1990, real gross national product (GNP), the value of goods and services produced in our economy after adjustment for inflation, will rise about 1.6%. This is about half the rate of growth that the nation enjoyed in 1989. *(See Figure*

GRAPHICS: CUSTOM COLOR VISUALS



PERCENT CHANGE IN RV SHIPMENTS 1988-90

Figure 2

3) Exports will be the leading sector in expanding economic activity. The growth of imports, however, will almost match export development, so that we will see little change in the trade deficit.

Consumers will not increase real spending in '90 as fast as they did in '89. A slowdown also will occur in business investment and purchases by state and local governments. Federal spending on goods and services (excluding transfer payments such as aid to farmers, S&Ls and other "poor" populations) will actually decline after adjusment for price increases.

ANNUAL GROWTH RATES AFTER ADJUSTMENT FOR INFLATION

	1989	1990 Forecast
Gross National Product	2.9	1.5
Consumer Spending	2.7	2.0
Business Investment	3.5	3.1
Residential Investment	−2.7	−2.0
Exports	10.9	5.8
Imports	6.4	5.6
Govt. Purchases		
Federal	2.5	−1.8
State & Local	2.7	2.0

Figure 3

KEY FACTORS IN THE FORECAST

	1989	1990 Forecast
Prime Interest Rate (%)	10.9	10.1
Value of the Dollar (1973 = 100)	98.5	92.0
Unemployment Rate (%)	5.2	5.4
% Change at Annual Rates:		
Money Supply (M2)*	3.7	7.1
Real Disposable Personal Income	4.1	1.5
Consumer Price Index	4.8	5.2
Food & Beverages	5.7	5.4
Motor-Fuel Prices	9.4	−7.6

*M2 consists of the nation's basic money supply of currency, plus demand deposits, plus savings accounts at commercial banks.

Figure 4

Perhaps the best news in Figure 3 is that the slide in residential investment (home construction) will slow.

Analyzing Key Factors

In the RV forecast, we are always looking at the path of interest rates, and, right now, it appears that there are still rate declines to be realized. Short-term rates, such as the 90-day Treasury bill and prime rates, probably will continue to fall into the early summer months before making a turnaround, as summarized in Figure 4. Long-term rates, such as rates for corporate bonds and fixed-rate mortgages, also may continue to fall moderately.

This interest-rate forecast results from the assumptions about the behavior of the Federal Reserve Board. As we view it, the only way that still-lower interest rates could develop would be for there to be significant increases in the unemployment rate, spurring the Fed to ease monetary policy. However, the forecast that we have made does not indicate a major slowdown in economic activity, resulting in a high rate of unemployment.

ANNUAL TRENDS

	1989	1990 Forecast
Unit Auto Sales (millions)	9.9	9.4
Unit Housing Starts (millions)	1.4	1.3
Federal Budget Deficit (billion $)	149.7	158.2
% Change in Compensation per Manhours	5.8	6.0
Productivity	0.4	0.8
Unit Labor Costs	5.4	5.2

(Compensation – Productivity = Unit Labor Costs)

Figure 5

In 1989, we avoided a 5% inflation rate, but it will take both a fall in motor-fuel prices and moderation in other components to keep us near 5% in 1990. Motor-fuel prices should fall because, although oil producers remain hungry and will probably increase their production, consumer demand will not grow with any rapidity. Slack demand, coupled with increased production, will force down fuel prices. Yet, the widely watched Consumer Price Index is expected to grow by 5.2% in 1990, compared with a 4.8% advance in '89. Health-care costs and other elements are continuing to put upward pressures on prices.

Unfortunately, given the rising inflation, consumers' real disposable income will grow very slowly in 1990. After a good 4.1% increase in '89, it looks as if real disposable income will advance only 1.5% this year. Both housing starts and auto sales also will be slower in 1990 than in 1989. *(See Figure 5.)* Unit sales of autos for 1990 are anticipated to be 5% below 1989 levels. Meanwhile, housing starts are expected to decline, too.

The place for fun these days continues to be Washington, D.C. It is the Magic Kingdom of budgetary fantasy. Nowhere is that more apparent than in the numbers the Bush administration and the Congress are using for the federal budget deficit. You probably have read about a $64 billion deficit. That's a better joke than Milton Berle ever told. Our forecast for the deficit in 1990 is $158 billion, because we do not play the shell game with the S&L bailout, which is a leading sport in Washington.

In summary, we continue to see *no recession.* Our confidence is not as strong as it was six months ago, but we believe that the American economy will squeeze through again.

Hence, the RV industry is forecast to improve moderately in 1990, as interest rates decline and inflation is kept under control. Prospects for 1991 look even brighter. The industry seems to be headed in the right direction, albeit at a slow pace. Δ

This forecast is a product of the Center for Econometric Model Research at Indiana University, R. Jeffery Green, director. The RV industry forecast was generated by Vinay Kansal; the verbal interpretation of these data, however, is the sole responsibility of the author. TL Enterprises Inc. is one of several private firms which support the Center and its quarterly forecasting activities.

RV BUSI

APRIL 6, 1990

895-2

TLEI 20814 069100 STA
*C 9007 958 BXL
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

SURVIVING THE 1990 MARKET JUNGLE: Dealers are stalking wary 1990 buyers with cautious inventory planning and aggressive fights for market share. See cover story and feature on page 34.

Industry Reports Intensified Price Competition

The RV marketplace in the first half of 1990 appears to be as competitive as any in recent memory. According to industry insiders, "price is king" in all product categories thanks to a "nervous" and "apprehensive" market in which dealer inventories are sometimes still higher than desired.

As a result, low-end equipment abounds, wholesale- and retail-incentive programs are prevalent, and margins are reported to be tight. And, although buyers apparently were returning to RV shows and dealerships in acceptable numbers this spring, dealers said those buyers were bargaining hard at closing. *(See feature, "Survival of the Fittest," page 34.)*

"Right now, the consumer is getting his best value from manufacturers, probably the best buy for the dollar that he has been able to obtain in a number of years," said Bill Garvey, a senior vice president of Starcraft Corp., Goshen, Ind.

"It's competitive all over," agreed Bob Kropf, board chairman of Kropf Manufacturing Co. Inc., a Goshen, Ind., towable manufacturer. "I think it's a buyer's market right now."

The good news is that the business is there, even if much of it is at inexpensive, low-margin price points. By and large, dealers have seen a real upsurge in traffic and sales since mid-February – to the extent that Kelly Shanholtzer, sales manager for Beckley's Camping Center, Thurmont, Md., was perfectly comfortable with a $2 million inventory in late February. Selling particularly well, according to Shanholtzer, were low-priced towables and mid-

continued on page 12

HRC Speeds Restructuring Plan

Holiday Rambler Corp. (HRC) is accelerating a "radical restructuring" program that, within a year, promises to bring changes to almost every facet of the Wakarusa, Ind., company's RV Division and its 900 salaried and hourly workers.

In an exclusive interview with *RV Business*, HRC President and Chief Executive Officer H. Wayne Dahl in late February explained that HRC is borrowing from the corporate experience of the Japanese in an attempt to replicate the legendary early-1980's turnaround of its parent company, Harley-Davidson Inc. (Milwaukee, Wis.-based Harley-Davidson acquired HRC from the Klingler family some three years ago.

In fact, Dahl expressed concern that HRC, which has had to battle for market-share domestically in its premium-priced RV market, may someday face the same competitive challenge from Japan that confronted Harley 10 years ago. "There are those in the industry who think that the Japanese will not penetrate or enter this industry," said Dahl, a former Winnebago Industries Inc. executive who joined HRC in 1987. "We believe the Japanese will (enter the U.S.

continued on page 14

7 **Rental Firms Foresee Better Year Ahead**

7 **Prime-Time Cartoon Lampoons RV Dealers**

7 **Budget Deficit, TV Show Focus Of RVIA Meeting**

8 **Former Travelcraft Chief Forms New Class C Company**

8 **NHTSA Adds New, Proposed Rules Affecting RVs**

9 **Holiday RV To Import Chassis From Romania**

9 **Rexhall Starts Up New Lines, Adds Dealers**

10 **Shelton Industries Recovers From Quake Damage**

10 **Japan Show Sparks Interest In U.S. RVs**

11 **Attendance at Truck-Cap Show Exceeds Hopes**

13 **Tougher Emission Standards Threaten RVs, Tow Vehicles**

RV BUSINESS

VOLUME 41, NUMBER 1 APRIL 6, 1990 TWO DOLLARS

16

34

COVER ART: ELOIS BRETT

NEWS AND TRENDS

Industry News 7
RV People 16
DAB Perspective 18

FEATURES

Class A's With Flair 20
The success of Fleetwood's lower-priced, downsized Flair motorhome has sparked dealer and manufacturer interest in this Class A niche. Industry observers attempt to define the market and explain the attractions of these small, bus-profile units.

Survival of the Fittest 34
Coming out of the rough 1989 market, dealers expect relatively flat 1990 sales to require a combination of defensive inventory planning, predatory fights for market share and creative stalking of wary buyers.

DEPARTMENTS

Dealer Concept 38
Marketing 42
Service 44
Calendar 46
In Brief 48
Profitmakers 50
New Literature 53
Classified Advertising 56
Index to Advertisers 57
Readers' Forum 57
Commentary 58

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year, $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

JANUARY '90 STARTED SLOW

GAYLORD MAXWELL

This year did not start off well for RV dealers. Figures from RVB's Dealer Advisory Board (DAB) reveal that 73% of them took in fewer dollars in January 1990 than they did in the first month of 1989.

The average drop for the group was 20%. Only six of the 22 members managed to top last year's sales-volume figures. One of those six was one of our larger dealership members; two were medium-size dealerships, and three were small. Although dollars taken in did not necessarily mean dollars kept, it was an inescapable fact that 1990 started off rather poorly.

Overall, grosses weren't too bad. Although there were more poor profit ratings than usual, profits were more often in the good or fair columns. Used prices apparently held up well, and the service business was good. Although a few dealers considered their bottom lines good, most rated them only fair or poor.

New inventories were high, according to more than half of our DAB members; used supplies varied, with some dealers reporting them low. Traffic was reported low or average, and new buyers were not out in great numbers.

From a retail standpoint, it looks like a tough year ahead. But a slow start-up isn't anything new for RV dealers. There still are 11 months ahead for smart, aggressive dealers to turn things around.

Motorhomes

Motorhome dealers really felt a letdown in January. Of the 18 DAB members who stock that type, only three managed to exceed last year's new-unit sales figures – two by two units and one by four units. None of the large dealerships who specialize in this type beat last year's numbers. In fact, some were down by 40% to 50%. Although used sales weren't down as much as new, a 15% drop was impressive since used sales had been quite good. Profits were rated generally good on both new and used.

It would be very premature to conclude that the popularity of the motorhome is on the decline. In the months to come, we hope to discover that January was a fluke. But it does indicate the elusiveness of a stable market for that and other RV types.

Travel Trailers

The reverse of the motorhome picture is shown by this type in January. New-unit sales increased a whopping 29%, and over half of the dealers of this type got those extra sales. Also unlike the motorhome category, all of the larger-trailer dealers were up, with only one exception. Used trailers didn't fare as well; they were down. However, prices were generally rated good – as they were for new units.

No one offered any explanation for the sudden surge in new-trailer sales. Let's hope that it is an indication for the year.

Truck Campers

January sales of new slide-ins kept pace with the same month last year. Although the larger dealers of this type slipped a unit or two, several of those who make just a few sales a year filled the breach. Used sales were excellent; the unit numbers weren't large, but a 129% increase was indeed impressive and indicated that there was a market for that type of RV. Profits were generally rated good.

Folding Camping Trailers

The market for new fold-downs was down a bit – just a few units, however. Used sales were off greatly in terms of percentages, but only down by four units. Profits were generally on the low side. January sales of this RV type are usually poor and are not a good forecasting indicator.

Fifth-wheels

It is quite unusual for this type to experience a drop in new-unit sales, but it happened in January. The 18% decline represented a seven-unit drop. Five DAB members were up in sales (four by one unit each, and one by six units); eight were down (mostly by a unit or two.). Used sales were up considerably. Profits were generally rated quite good. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	JAN. 1990	JAN. 1989	% CHANGE	1990	1989	% CHANGE	JAN. 1990	JAN. 1989	% CHANGE	1990	1989	% CHANGE
MOTORHOMES	111	158	−30	111	158	−30	120	142	− 15	120	142	− 15
TRAVEL TRAILERS	89	69	+29	89	69	+29	55	68	− 19	55	68	− 19
TRUCK CAMPERS	15	15	0	15	15	0	16	7	+129	16	7	+129
CAMPING TRAILERS	33	38	−13	33	38	−13	6	10	− 40	6	10	− 40
FIFTH-WHEELS	32	39	−18	32	39	−18	23	18	+ 28	23	18	+ 28

	FOR MONTH			YEAR-TO-DATE		
	JAN. 1990	JAN. 1989	% CHANGE	1990	1989	% CHANGE
SALES VOLUME	$10,372,000	$12,994,000	−20	$10,372,000	$12,994,000	−20
TOTAL UNIT SALES	500	564	−11	500	564	−11
NEW-UNIT SALES	280	319	−12	280	319	−12
USED-UNIT SALES	220	245	−10	220	245	−10

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **David McMann,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Robert Jensen,** Layton, Utah; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Delores McNally,** Portland, Ore.; **Annetta Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

C8950-2

RV BUS

L 20, 1990

TLE1 20814 069100 STA
*C 9007 958 BPN
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

Fleetwood Heads '89 Sales Rankings

Based on 1989 unit-sales rankings of the top-10 RV manufacturers in the towable and motorized markets, Tom Walworth, general manager of Statistical Surveys Inc., Grand Rapids, Mich., announced that, for the second consecutive year, Riverside, Calif.-based Fleetwood Enterprises Inc. garnered the No. 1 position in all categories in which it competed.

Top-10 finishers in the towable market, in order of market share, were Fleetwood, The Coleman Company Inc., Somerset, Pa. (now also a Fleetwood subsidiary); Jayco Inc., Middlebury, Ind.; Skyline Corp., Elkhart, Ind.; Coachmen Industries Inc., Elkhart, Ind.; Starcraft Recreational Products Corp., Topeka, Ind.; Mallard Coach Co. Inc., Nappanee, Ind.; Kit Manufacturing Co., Long Beach, Calif.; Vanguard Industries of Michigan Inc., Colon, Mich.; and Holiday Rambler Corp., Wakarusa, Ind.

As far as market share, Walworth's rankings indicated that there was little competitive shifting. The same companies appeared in the same positions in the top-five spots in both 1988 and 1989. However, since Coleman's fold-down trailer division was acquired by Fleetwood in December 1989, Fleetwood's dominance in this market is now even larger than indicated by the '89 unit-sales rankings.

Taken as a whole, the top-10 towable makers accounted for 68.1% of the total towable market, Walworth said. No. 1 finisher Fleetwood was listed as holding a total of 29.5% in all of its towable categories in '89.

On the motorized side, the

continued on page 14

PERSPECTIVES ON PARTS: Two trends indicate how dealers are boosting parts-department profits: improved sales training and computerization. See articles on pages 24 and 33.

Ford to Limit Van Chassis to Pool-Account Converters

Ford Motor Co. is following in the footsteps of the Chevrolet Motor Division and has announced that it will phase in a van-chassis distribution program, which, by the end of 1992, will prohibit Ford retail dealers from supplying conversion-package chassis to nonpool conversion companies.

Ford's program basically is the same as the pool program put into effect in the fall of 1988 by Chevrolet, confirmed Ford spokesman Woody Haines. As with Chevrolet, the goal of the Ford chassis program is to improve control over van-conversion quality by restricting chassis to approved pool-account converters

Although it created a furor at the time, Chevrolet's restrictive chassis-distribution program was not as traumatic as many in the van-conversion industry assumed because Chevrolet expanded its approved pool-account customers from approximately 65 to about 195 conversion companies.

Most likely, Ford, too, will lengthen its list of pool-account customers from 61 to approximately 150 conversion companies, said Jerome Mittman, Ford Division RV sales manager.

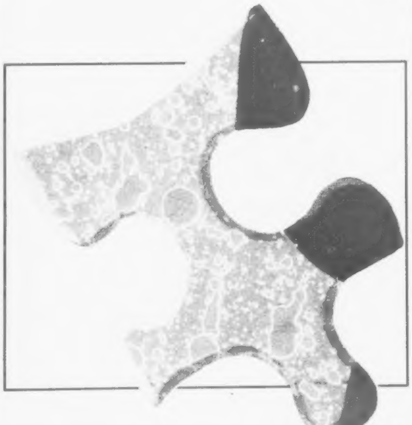
continued on page 14

7 Model Lemon Law, N.Y. Bill Worry Industry
7 Texas Firm Buys Sherrod
8 Arbitration Plan Discussed By RVIA, Detroit
9 Ford Boosts Gvwr of Largest Class A Chassis
9 GE Capital Expands Dealer Loan Portfolio
9 Calif. Coach Owners Face Smog-Law Snafu
10 Airstream Sees Aluminum-Trailer Niche Dominance
10 Tern Industries Buys Van Express From Vyquest
11 Former Rexhall Principal Founds New Company
11 Delinquency Rate On RV Loans Down in '89
12 Chevy Seeks Closer Ties To RV Industry

RV BUSINESS

VOLUME 41, NUMBER 2 APRIL 20, 1990 TWO DOLLARS

16



24

COVER ART: FRED SMITH

NEWS AND TRENDS

Industry News 7
RV People 16
RVIA Shipments 18
At Retail 20
Blue Chip Consensus 22

FEATURES

Selling Parts 24

More dealers are seeking to develop the parts department into a profit center with strategies ranging from expansion to reorganization. But a key element in their diverse efforts is a focus on better sales training and incentives for parts personnel.

Computerizing Parts 33

Although dealers and computer experts admit that computerization of the parts department is not an easy task, they agree that, once accomplished, it is a great way to increase speed, efficiency, cost control—and eventual customer satisfaction.

DEPARTMENTS

Guestview 39
Finance 42
Service 44
Legal 46
Calendar 47
In Brief 48
Profitmakers 50
Classified Advertising 52
Index to Advertisers 53
Readers' Forum 53
Commentary 54

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

MANUFACTURERS

Former Rexhall Principal Founds HallCraft

Andy Hall, a co-founder of Rexhall Industries Inc., has founded a new, separate motorhome-manufacturing company, HallCraft Industries Inc., in Riverside, Calif.

The new firm, which produced its first Class A motorhome in late February, is based on the concept of building a top-quality motorhome with "all the latest stuff" at a low-to-moderate price, explained Charles A. "Andy" Hall. HallCraft's Chaparral Class A is expected to retail in the low $40,000s, and Hall said it will compete head-on with the Airex of his former company, Rexhall. He asserted, "I think we're going to knock 'em dead. The Chaparral provides a lot of value for the dollar."

The concept of delivering high value at a low cost is one that Hall saw work well at Rexhall, which sold $34 million in motorhomes in 1989. But Hall said he and Bill Rex, Rexhall co-founder and president, parted company in January 1989 when they could not agree on how much stock each would own after Rexhall's initial public-stock offering last summer. Rex bought out Hall's one-third interest in the company for $763,133, much of it on a note, according to Rexhall documents.

Hall is using those funds to pay for the start-up of his new company. To date, he and his wife Mary, who is responsible for designing the motorhomes' interiors and running the office, have invested $250,000 in the company, "and everything is paid for," stated Mary Hall. The company is operating out of a leased 12,000-square-foot plant in Riverside.

Hall said he now wants to increase production from one unit a week to two units a week and hopes to see one motorhome a day rolling off the line by the end of the year. To reach that goal, he said he expects to exercise the option on an additional 12,000 square feet of factory space adjoining his current operation.

Mary and Charles "Andy" Hall with their firm's Chaparral Class A

HallCraft also is starting to set up dealerships, with the first few located in Southern California. Initial response from dealers has been very positive, according to Hall.

The Chaparral comes in three floorplans in lengths of 27, 29 and 31 feet, with the two longer units on a 14,500-pound gross vehicle weight (gvw) Chevrolet chassis and the 27-footer on a 12,300-pound gvw Chevy chassis. The 10-foot, 4-inch-high units are designed with a dinette area across from the kitchen, a sofa-chair combination up front and a queen-size bed in the rear. Standard features also include cedar-lined closets, an LP-gas detector, radial tires, a rubber roof, fiberglass front and rear caps, and a roll-down window on the driver's door. Δ—*Vickie Elmer*

FINANCE

Delinquency Rate of RV Loans Down in '89

Although the national economy and the RV industry were sluggish last fall, the delinquency rate on loans from commercial banks to RV-retail buyers declined in the second and third quarters of 1989 compared with the same quarters of 1988. (The American Bankers Association defines a delinquent loan as being 30 or more days overdue.)

The delinquency rate for RV loans in each quarter of 1989 also continued to be lower than the rates for other installment loans.

Check the ABA chart below to see how RV-retail loan delinquencies, as a percentage of total RV loans, compared with auto loans and the aggregate of installment loans in 1988 and 1989. Δ—*Jeff Kurowski*

1988	**RV**	**All Installment**	**Auto**
1st Qtr.	1.71	2.19	2.04
2nd Qtr.	2.38	2.34	2.33
3rd Qtr.	2.57	2.42	2.31
4th Qtr.	2.07	2.49	2.46
1989			
1st Qtr.	1.79	2.39	2.40
2nd Qtr.	1.74	2.30	2.44
3rd Qtr.	2.10	2.88	2.70

VAN CONVERSIONS

New Crash Standards May Push Aerostar Out Of Conversion Market

Ford Motor Co.'s Aerostar minivan may become a van-conversion casualty of the 1992 federal safety standards imposing stiff new criteria for crash impacts.

The Aerostar, which is selling extremely well as a passenger wagon, has seen less than 1% of its sales go to the van-conversion market this year, according to Jerome J. Mittman, Ford Division RV manager in Dearborn, Mich.

Ford could still decide to upgrade the chassis to meet '92 crash regulations and to enhance its sales appeal on the conversion market, according to Ford sources. But, given the potential cost and the success of the unit through regular retail channels, it appears unlikely that Ford will change the Aerostar, they indicated. Δ—*Craig Polisky*

GE CAPITAL *from page 9*

and other financial firms, according to Dye. Most of these lenders are not selling RV-related loans because of pressure from government regulators or fear of defaults, he noted, stressing that wholesale loans to RV dealers "are of average risk when compared with other commercial loans."

Instead, Dye said many banks and S&Ls want to sell their RV-inventory loans because they lack expertise in the RV business. "A few years ago, banks and others financial institutions wanted to be full-service," he explained. "But now, they feel that's perhaps not the best way to be." GE Capital has been involved in RV-floorplan lending for five years, and about one-third of its commercial-loan portfolio is RV-related, he pointed out.

GE Capital does not plan to buy any loan portfolios that are smaller than $10 million and plans to hold and service any newly acquired portfolios instead of selling them on the secondary market, said Dye.

GE Capital believes 1990 will be "an OK year" for the RV industry "and will set the stage for growth in the '90s," added Dye, projecting that total wholesale deliveries will be 2% to 5% higher in 1990 compared with 1989. GE Capital also expects that towables will do better than motorized units this year and that "Class A's might have a tougher time than the rest of the motorized products," he concluded. Δ—*Jeff Kurowski*

JANUARY'S NEWS: IT DEPENDS ON HOW YOU LOOK AT IT

MORTON J. MARCUS

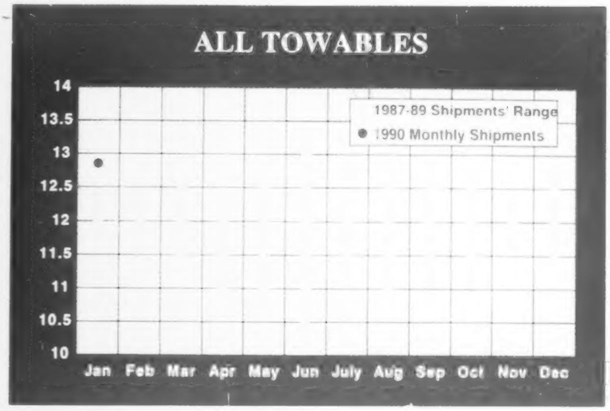


Figure 1

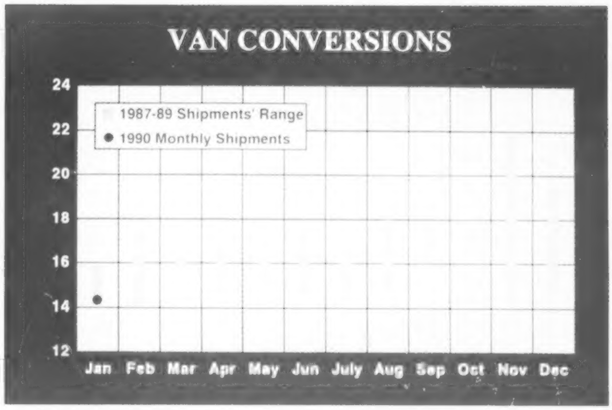


Figure 2

Both van conversion and motorhome shipments in January 1990 came in below the shipments' range reported in the previous three years, although towable shipments were above past experience for the month. As a result, total RV shipments in January fell toward the bottom of their three-year range.

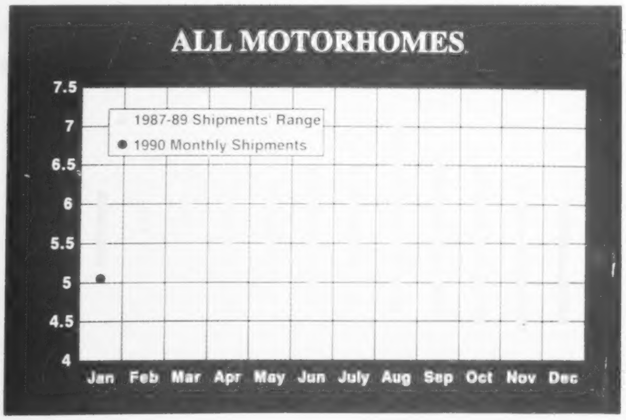


Figure 3

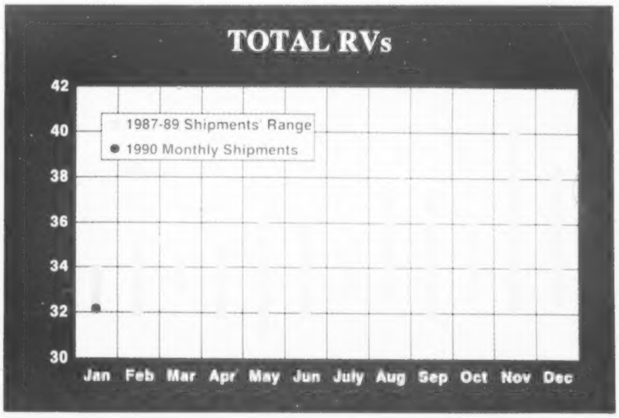


Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

RVIA SHIPMENTS

Two men are walking along the street. "How are you doing?" asks the first. "Compared to what?" responds his friend. It's an old line but one that has continued meaning for the RV industry.

One of the pleasures of writing about RV shipments is that there are many ways to examine the question, "How are we doing?" In this issue, we introduce a new view of shipment data. It is designed to give the reader very quick answers about the status of the industry.

Figures 1 through 4 compare the latest monthly shipment data from RVIA (adjusted for normal seasonal patterns) with the range of shipments reported for the same month over the past three years. For example, in the years 1987, 1988, and 1989, total RV shipments in January ranged from a low of 32,230 to a high of 33,900 units, as shown in Figure 1. This is a fairly narrow range of just 1,670 units, or a 5.2% variation. January 1990, at 32,200 units shipped, fell just short of the three-year shipments span in Figure 1.

As with January, each month in Figure 1 has a colored bar showing the 1987-89 range of total RV shipments. For January, there is also the point indicating shipments for that month in 1990. As the year progresses, we will add more monthly points and be able to see clearly if shipments are falling above, within or below the range of recent history.

Why choose to compare current data with the experience of the past three years? Most business leaders look at current figures in a context. They want to know, "How are we doing compared with recent history?" When we compare current shipments with last year's levels alone, special factors may come into play. If we go back a decade, there could have been dramatic changes in the economy or the industry, which would invalidate such comparisons.

As noted, 1990 has started slowly for RV shipments as a whole. Shipments of van conversions and motorhomes both were below their three-year ranges. Towables, in contrast, were above their three-year range. *(See Figures 2, 3 and 4.)*

In fact, as a group, towables picked up more than four market-share points compared with 1989. They expanded their market at the expense of both motorhomes and van conversions. *(See Figure 5.)*

A comparison of shipment performance on a year-to-year basis also finds total RV shipments in January down by 5%, or nearly 1,700 units, from January 1989. Van conversions led the retreat with a shortfall of nearly 1,600 units (a 10% drop), while motorhomes were off by 900 units (15%) from January of last year. Towables alone were up by almost 800 units, or 7%, compared with the same month of '89.

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:	25.66	23.30
Conventional	15.31	13.48
Park Models	1.69	1.86
Fifth-wheels	8.66	7.95
Folding Camping Trailers	11.64	9.80
Truck Campers	2.69	2.55
TOTAL TOWABLES	39.99	35.65
Motorhomes:		
Class A	8.67	9.80
Class B Van Campers	1.49	1.05
Class C:	5.49	6.67
Minis	3.89	5.51
Low Profiles	0.45	0.43
Micro-minis	1.15	0.73
TOTAL MOTORHOMES	15.65	17.53
Multiuse Van Conversions	44.36	46.82

Percentages may not add to total because of rounding.

Figure 5

However, as Figure 6 indicates, there was much more positive news from a short-term source. When compared with December 1989, January 1990's seasonally adjusted numbers did not look all that bad. There was a massive 2,500-unit drop (a decline of 15%) in the monthly shipments tally of van conversions, but all other types of RV units advanced (except for low-profile Class C motorhomes, which are very low-volume units).

Thus, if van conversions are excluded, total RV shipments in January reached 17,910 units, which was *up* 2,080 units, or 13.1%, from December 1989. Even the low-profile Class C's should not be considered as down for the month, since their drop of 10 units from December to January is not statistically significant. Statistical rounding alone could have yielded such results.

Thus, when compared with December 1989, this year's January shipments looked good for all RV categories except van conversions.

Still, it must be admitted that, compared with either an annual or three-year standard, there were problems for both van-conversion and motorhome shipments in January '90. Only towables performed well by all three standards—monthly, annual and three-year comparisons.

There is no way of saying whether the month-to-month or the year-to-year comparisons are the best indicators of actual market direction. Each provides a different perspective.

But based on all these perspectives, we can say that towables started 1990 on an upbeat note, while van conversions did not. Motorhomes gave off mixed signals. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

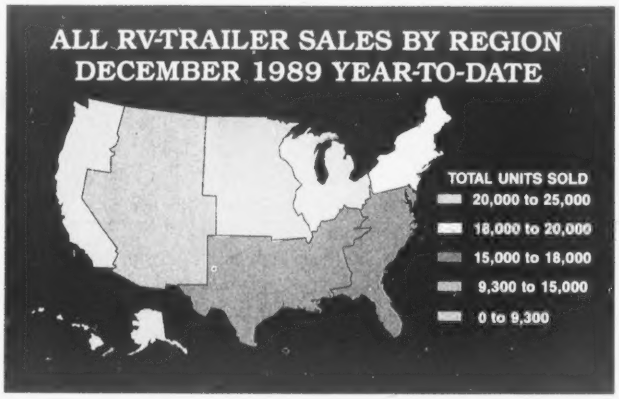
Type of Units	Jan '90	Change From Dec '89 Number	Change From Dec '89 %	Year-to-Date 1990	Year-to-Date 1989	Change Number	Change %
TOTAL RVs	32,200	- 420	- 1.3	32,200	33,900	- 1,690	- 5.0
Travel Trailers:	8,260	960	13.2	8,260	7,900	370	4.6
Conventional	4,930	660	15.6	4,930	4,570	360	7.9
Park Models	540	120	27.7	540	630	-90	- 14.0
Fifth-wheels	2,790	180	6.9	2,790	2,690	90	3.5
Folding Camping Trailers	3,750	480	14.6	3,750	3,320	430	12.8
Truck Campers	870	70	8.2	870	870	0	0.1
TOTAL TOWABLES	12,880	1,510	13.3	12,880	12,080	790	6.6
Motorhomes:							
Class A	2,790	10	0.5	2,790	3,320	- 530	- 15.9
Class B Van Campers	480	90	22.3	480	360	120	34.5
Class C:	1,770	470	36.3	1,770	2,260	- 490	- 21.9
-Minis	1,250	220	21.0	1,250	1,870	- 610	- 32.9
-Low Profiles	140	- 10	- 6.3	140	140	0	- 0.4
-Micro-minis	370	260	244.4	370	250	120	48.7
TOTAL MOTORHOMES	5,040	570	12.8	5,040	5,940	- 900	- 15.2
Multiuse Van Conversions	14,290	- 2,500	- 14.9	14,290	15,870	- 1,590	- 10.0

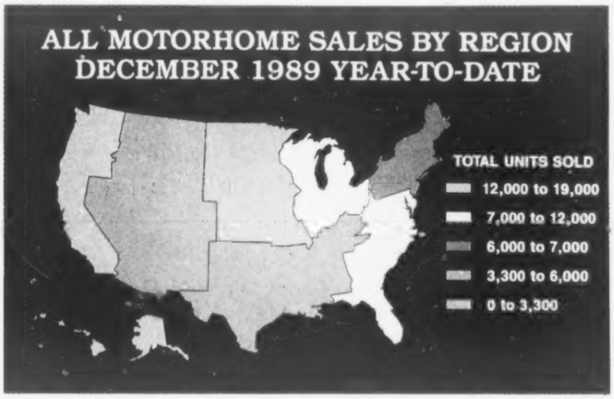
Note: Data rounded to nearest 10 units.

Figure 6

'89 RETAIL MARKET MARKED BY INVENTORY SELL-DOWN

THOMAS WALWORTH


ALL RV-TRAILER SALES BY REGION DECEMBER 1989 YEAR-TO-DATE


ALL MOTORHOME SALES BY REGION DECEMBER 1989 YEAR-TO-DATE

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

The RV-trailer market finished 1989 down by 6.3% from 1988; motorhome sales were down 7.8% compared with 1988's year-end tally. However, although 1989 retail sales declined compared with the previous year, their percentage drop was not as large as the 1989 drop in wholesale shipments, indicating that inventory reductions accounted for much of the slowdown seen by manufacturers.

The RV-trailer retail market was down 13.5%, or 768 units, for December 1989 compared with December 1988. Figure 1 shows the seven national regions ranked by the percentage change in RV-trailer sales for December '89 compared with the same month in 1988. The West North Central region topped the rankings, with Nebraska having the largest percentage gain in the region. In the bottom-ranked East North Central region, Michigan had the largest decline from the previous December.

The year-end retail tally for 1989 shows that the RV-trailer market was down 7,569, or 6.3%, compared with 1988's sales total. Figure 2 details the ranking of regions based on the percent of change in RV-trailer sales from 1988 to 1989. The South Central region led the field, with Alabama recording the region's largest percentage gain for 1989 over 1988. The Northeast fell to last place in terms of 1989 sales performance, and, among the Northeastern states, Massachusetts came in with the largest percentage sales decline.

The motorhome retail market in December 1989 declined by 21.1%, or 863 units, from December 1988. Figure 3 lists the seven regions in order of the percent of change in December '89 motorhome sales compared with the previous December. The motorhome market for the Mountain region took the No. 1 spot, with Idaho reporting the largest percentage sales increase compared with December '88. The South Atlantic region trailed the pack, and

RV TRAILERS, DEC. '89

Dec. '89 Rank	Region	% of Change From Dec. '88	Nov. '89 Rank
1	W.N. Central	6.8	3
2	Mountain	– 9.4	4
3	Pacific	– 9.7	7
4	S. Atlantic	–10.1	2
5	S. Central	–10.4	1
6	Northeast	–14.1	5
7	E.N. Central	–42.8	6

Figure 1

RV TRAILERS, YEAR-TO-DATE

Dec. '89 Rank	Region	% of Change Year-to-Date	Nov. '89 Rank
1	S. Central	0.2	1
2	W.N. Central	– 3.3	2
3	Mountain	– 4.0	3
4	S. Atlantic	– 5.3	4
5	Pacific	– 6.4	5
6	E.N. Central	– 7.7	6
7	S. Central	–13.6	7

Figure 2

MOTORHOMES, DEC. '89

Dec. '89 Rank	Region	% of Change From Dec. '88	Nov. '89 Rank
1	Mountain	14.6	4
2	W.N. Central	–16.7	3
3	S. Central	–17.7	1
4	Pacific	–18.1	6
5	Northeast	–19.5	5
6	E.N. Central	–24.2	7
7	S. Central	–29.9	2

Figure 3

MOTORHOMES, YEAR-TO-DATE

Dec. '89 Rank	Region	% of Change Year-to-Date	Nov. '89 Rank
1	S. Central	– 2.7	1
2	Pacific	– 6.2	2
3	W.N. Central	– 7.3	3
4	S. Atlantic	– 9.4	4
5	E.N. Central	– 9.5	5
6	Northeast	– 9.7	6
7	Mountain	–11.7	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

AT RETAIL *continued*

Virginia had the largest decline there.

By the end of 1989, the motorhome market had fallen by 4,700 units, or 7.8%, compared with the retail total of 1988. Figure 4 features a ranking of the seven national regions according to the percent of change in 1989 sales compared with 1988. The South Central region took the lead for 1989, and Texas had the largest gain over 1988 in the region. In the Mountain region, which had the worst retail record for 1989, Arizona had the largest decline.

The best way to sum up the experience of the 1989 RV-retail market is to say that there was an industrywide sell-down of RV inventory. The wholesale shipment declines were almost twice as large as those in the retail market. As a result, the 1989 year-end inventory levels were much improved over 1988 year-end levels, and the growth rate for wholesale shipments should run much closer to the retail pace in 1990. The target buyer is still committed to the concept of RVing, and we expect the 1990s to be a good decade for the RV industry. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

When
you give blood
you give
another
birthday,
another laugh,
another hug,
another
chance.

American Red Cross

Please give blood.

Ad Council

LITE MATE®–it's the difference between night and day in vehicle-to-trailer wiring hook-up.

Stripping, splicing, taping—wiring a trailer to a car, truck or van used to be a tough, all-afternoon job.

Not anymore. Hoppy's new LITE MATE® system takes the work and frustration out of wiring a trailer to a towing vehicle.

The LITE MATE® system is plug-in simple. And so profitable. The potential is enormous. RVers, boaters, farmers, horse fanciers and camping enthusiasts number in the tens of millions. There are potential customers literally everywhere you look.

A LITE MATE® starter assortment makes it easy and inexpensive to get into the business. Instructive D-I-Y packaging and application guide help close the sale.

So stock this revolutionary new product line. You'll make customers happy and you'll make yourself good money. Call us toll-free for more details on our profit program.

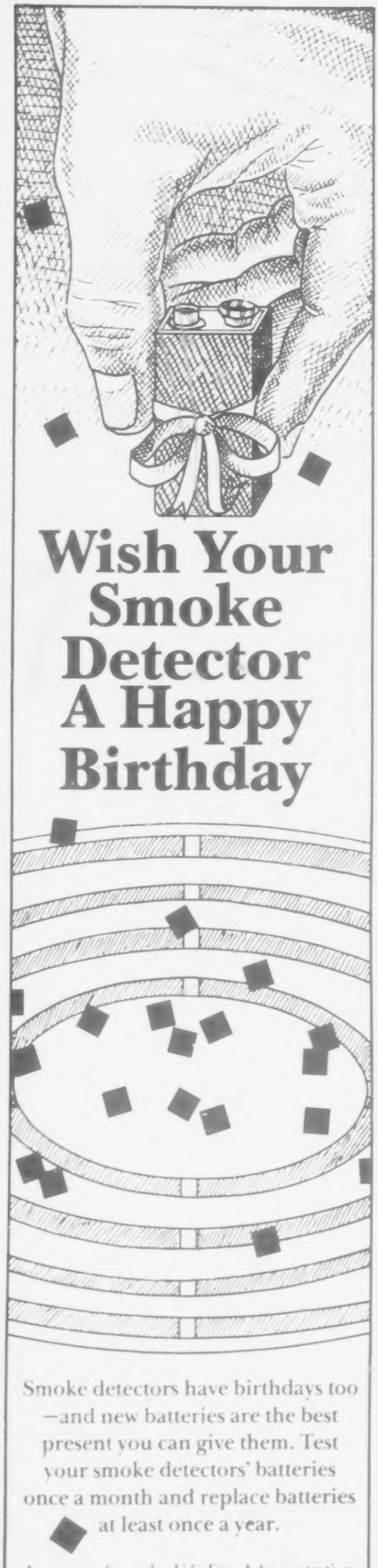
★ AS SEEN IN ★

Outdoor Life
Trailer Life
Sports Afield
Dirt Rider
AutoWeek
Fire on Ice
Equus
Boats
Western Horseman

Hopkins
Manufacturing
Corporation

HOPPY®

428 Peyton Emporia, KS 66801
CALL TOLL FREE—800-835-0129 (In Kansas, call 316-342-7320)



Wish Your Smoke Detector A Happy Birthday

Smoke detectors have birthdays too —and new batteries are the best present you can give them. Test your smoke detectors' batteries once a month and replace batteries at least once a year.

A message from the U.S. Fire Administration and this publisher.

'90 GROWTH PROSPECTS LOWEST SINCE 1982

ROBERT J. EGGERT SR.

The March consensus forecast of 51 economists for real (inflation-adjusted) gross national product (GNP) growth in 1990 inched up a tenth of a percentage point from a month ago to 1.7%. However, the year-over-year outlook remains the most sluggish since the recession year of 1982.

Most of the 26 economists who revised their GNP projections upward this month indicated it was largely a statistical correction reflecting the government's revision in fourth-quarter 1989 growth from an annualized rate of 0.5% to 0.9%. The consensus estimate for real GNP growth in 1991 remained unchanged from a month ago at 2.4%, a shade below the 10-year projected long-range average.

Inflation in 4%-Plus Range

For a third consecutive month, the consensus estimate for the GNP implicit price deflator predicted a year-over-year increase of 4.0% for both 1990 and 1991. However, the Consumer Price Index (CPI) for 1990 rose another tenth of a percentage point to 4.4%. The consensus estimate for the CPI in 1990 was 0.3 percentage points higher than in January.

The sharp jump in consumer and producer price indexes during January was emphasized as the major factor contributing to the upward revisions we have seen from our panel members. The 1991 estimate for the CPI—4.2%—was identical to the estimate in both January and February.

Short-Term Interest Rates Ease

A half a percentage point drop from the recent uptick in interest rates is the most that can be expected. In fact, this will be confined to short-term rates, with long-term rates now expected to hold relatively steady. Competitive yields in Japan and Europe, and the expected moderate advance in U.S. economic activity, are the key factors.

Projections vs. Recent History

Below is a brief summary of our popular biannual long-range consensus projections. Long-range trend projections are essential for capital planning. While a useful guide, they must be used with caution.

The projected 10-year employment growth estimate of 18 million during the 1990s is encouraging. However, it continues to anticipate that productivity growth will remain sluggish—especially compared with the 1960s. ∆

The above article was written by Robert J. Eggert Sr., president of Eggert Economic Enterprises Inc., whose unique forecasting method derives from his monthly telephone polling of some 75 top economists. He reports what they say individually and gives a consensus of not only the current year but the year ahead as well. His address is P.O. Box 1569, Sedona, Ariz. 86336; or phone toll free, (800) 282-4883.

10-Year History[1]	Average Annual % Increase Real GNP	CPI	Average Number of Civilian Jobs (Mil.)	Average Job Growth Over 10 Years (Mil.)
1960s	4.1%	2.4%	70.7	8.9
1970s	2.8	7.1	87.4	16.7
1980s	2.7	5.6	106.7	19.3
Long-Range Consensus Est.				
1990s	2.6	4.0	124.7[2]	18.0

[1] Sources: Bureau of Economic Analysis and Bureau of Labor Statistics.

[2] Sources: Derived from labor-force projections and Blue Chip Consensus Unemployment estimates.

CP950-2

RV BUSIN

TLE1 20814 069100 3DG
*C 9007 958 BGG
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

MAY 25, 1990

7 Mallard Designs Small Class A For U.S., Europe

7 Top Converters Report Upturn In Spring Sales

7 Industry Fights Calif. Limit on Registration Info

8 NHTSA Issues Micro Warning, Plans Hearing

8 Leisure Odyssey Unveils Class A On Isuzu Chassis

9 Dealer-Show Sales Top State Agendas

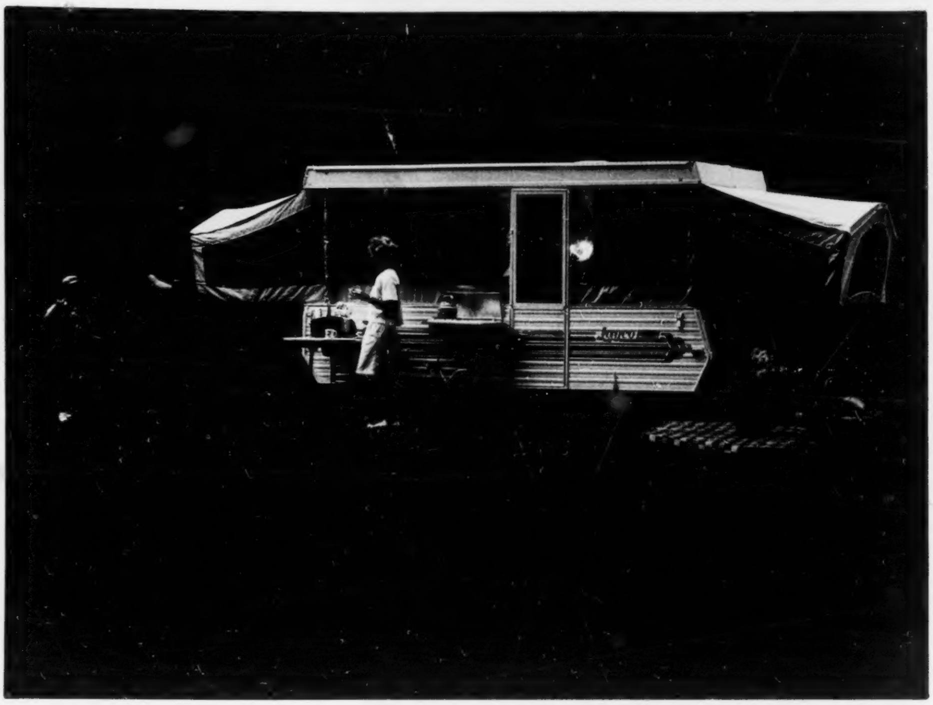
9 Rockwood Offers Regent 'Minibus'

9 Ford to Add Chassis Sizes

10 Custom-Bus Leaders Expect Bigger Shares

11 NHTSA Cites Problem With Van Seat-Belts

13 Prevost Debuts New High-Line Bus Shell



FOLD-DOWNS: 1990 will be a pivotal year for folding camping trailers, promising both the chance of a sales recovery and the first test of newcomer Fleetwood Folding Trailers. See feature on page 28.

RV Excise Tax Urged by National Parks Group

A broad-based federal excise tax on recreational and sports equipment has been proposed to Congress as a way to raise revenue to meet the cost of running public recreation areas.

In testimony before the House Ways and Means Committee, Barry Tindall, speaking for the National Parks and Recreation Association (NPRA), urged the imposition of a 1% tax on virtually all recreational goods and services. Tindall claimed that the tax is necessary to bridge the ever-widening gap between the actual costs of operating recreational areas and the revenue provided by user fees and other sources of income. NPRA represents some 21,000 employees of public recreation agencies, notably policy makers and managers.

As presently proposed, the tax would be applied uniformly to all recreation-related purchases regardless of cost.

Manufacturers of RVs have been among those concerned about the proposal, noting that a 1% surcharge on the price of tennis balls is a matter of pennies, but that an excise tax on a fully-equipped RV might add

continued on page 14

Accord Reached on California Special RV-Driver's Licensing

In what is being hailed as an important step for the RV industry, an agreement has been reached by the RV community and state officials on provisions of California's special driver's licensing proposals.

On April 23, representatives of the Good Sam Club™, RVIA and California Assemblyman Richard Katz, who is chairman of the Assembly Transportation Committee overseeing the issue, came up with the following program:

- The minimum gross vehicle weight ratings (gvwr) of towables requiring special licensing have been raised to 10,000 pounds for a travel trailer and 15,000 pounds for a fifth-wheel. Only drivers of towable vehicles above those weight ratings will have to get a special driver's license with requirements be-

continued on page 12

RV BUSINESS

VOLUME 41, NUMBER 4 MAY 25, 1990 TWO DOLLARS

17

34

COVER PHOTO COURTESY OF JAYCO INC.

NEWS AND TRENDS

Industry News 7
RV People 17
At Retail 21
RVIA Shipments 24
Blue Chip Consensus 26

FEATURES

Fold-downs Seek '90 Rebound 28
1990 may turn out to be a pivotal year for folding camping trailers, as the starting point for sales recovery and as the first test of newcomer Fleetwood Enterprises, which siezed a third of the market with its 1989 acquisition of Coleman's fold-down operations.

RV Financing 34
Although retail-financing rates and availability seem to be supporting RV sales, dealers warn that longer loan maturities and manufacturer-sponsored buy-downs may be siphoning off tomorrow's buyers to pump up today's market.

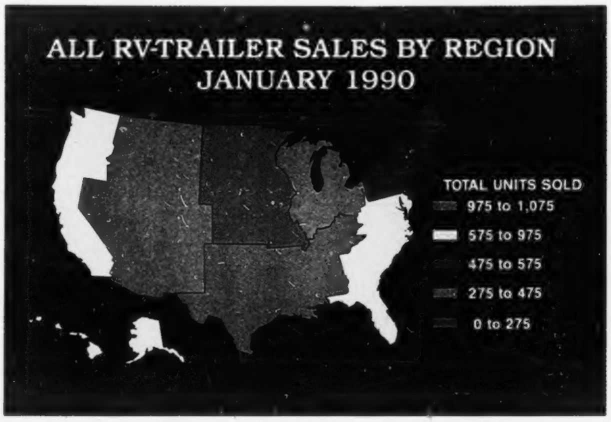
DEPARTMENTS

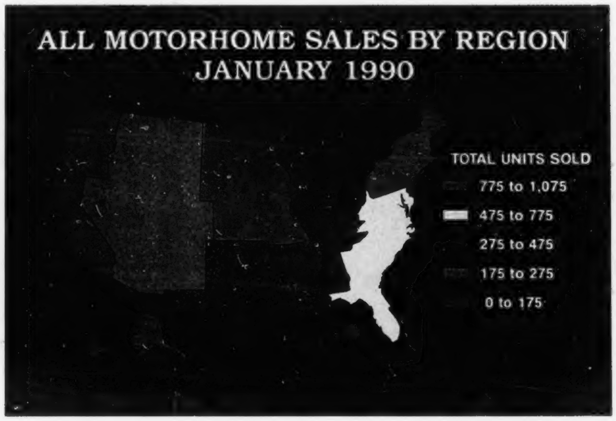
Dealer Concept 40
Marketing 43
Index to Advertisers 43
Legal 44
Calendar 46
In Brief 48
Profitmakers 50
New Literature 51
Classified Advertising 52
Commentary 54

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

JANUARY RETAIL SALES DISAPPOINTED INDUSTRY

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

Starting out in 1990, the RV industry faces a new problem in trying to analyze market movements.

Statisticians are being hampered in their efforts to gather complete retail data by a new law passed by the state of California, which restricts access to vehicle-registration information.

There is a great deal of lobbying activity aimed at reversing or modifying that California law, but, until the issue is resolved, we will be using last year's registration figures from California, adjusted for current market conditions.

Based on that adjusted data, the national RV-trailer market was down 10.33% in January compared with January of last year. Meanwhile, the national motorhome market was down 5.44% for the month when compared with January 1989.

Figure 1 ranks the seven regions of the country in terms of their percentage changes in RV-trailer sales in January 1990 compared with the same month in 1989.

The South Central region led all other regions in growth of trailer sales. In that region, Alabama had the largest percentage gain over the previous January. Meanwhile, the East North Central region trailed the pack, with Illinois recording the largest decline for the month.

RV TRAILERS, JAN. '90

Jan. '89 Rank	Region	% of Change From Jan. '89	Dec. '89 Rank
1	S. Central	13.5	1
2	S. Atlantic	5.2	4
3	Pacific	− 9.1	5
4	Mountain	−16.9	3
5	Northeast	−20.5	7
6	W.N. Central	−35.4	2
7	E.N. Central	−38.8	6

Figure 1

The January decline in the retail market created great concern.

MOTORHOMES, JAN. '90

Jan. '89 Rank	Region	% of Change From Jan. '89	Dec. '89 Rank
1	S. Atlantic	15.8	4
2	S. Central	10.4	1
3	Mountain	4.0	7
4	Pacific	0.8	2
5	W.N. Central	−10.2	3
6	Northeast	−26.3	6
7	E.N. Central	−36.9	5

Figure 2

In Figure 2, a regional ranking based on the percentage change in motorhome sales from January 1989 to January 1990 shows that the South Atlantic region achieved the No. 1 spot. In that region, West Virginia had the largest gain over January '89.

The East North Central region again reported the largest market decline based on a comparison with sales for January a year earlier. And Illinois again came in with the biggest percentage decline among the East North Central states.

The January 1990 decline in the retail market created great concern in the RV industry, which had expected the sales surge that started in late 1989 to continue.

But there were some bright spots in the early 1990 numbers. In particular, there were signs of revival in the South Atlantic and South Central markets. Retail figures in Texas, Florida, Alabama and Virginia all showed improvement.

Still, it looks as if the 1990 market will be a challenge for the RV industry. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

GRAPHICS: CUSTOM COLOR VISUALS

FEBRUARY FIZZLES AS CONVERSIONS FALL FLAT

MORTON MARCUS

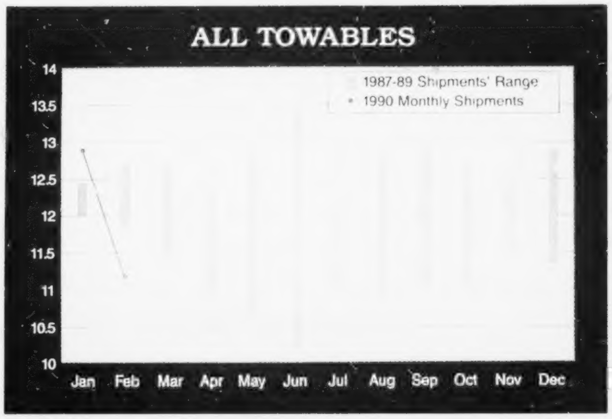


Figure 1

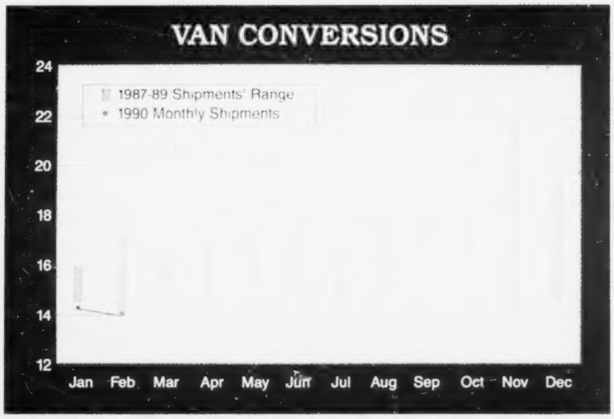


Figure 2

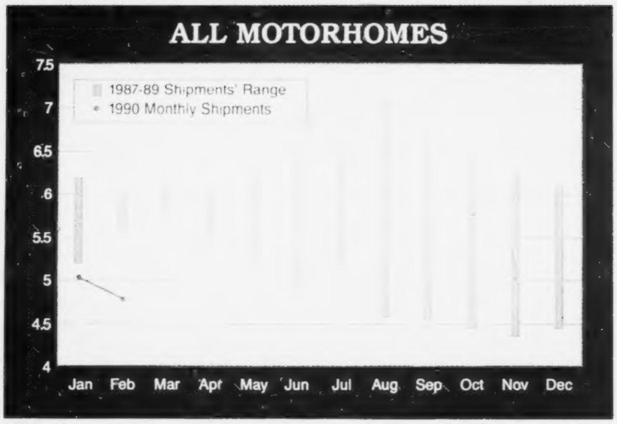


Figure 3

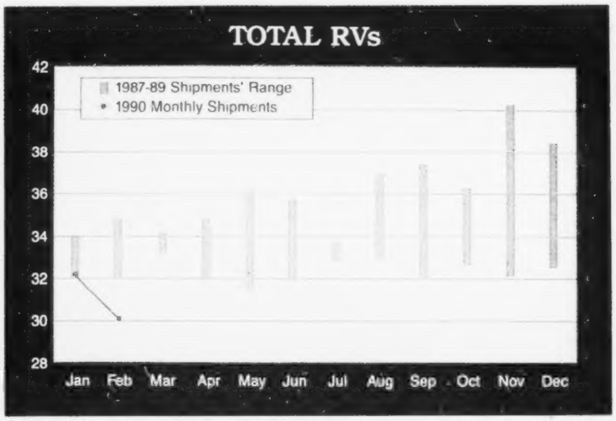


Figure 4

> *Even given the apparently dreary evidence of February, shipments actually were doing better in some instances than our most recent forecast.*

"Feb Fizzles; Forecast Flash" would be the headline of this column if *RV Business* used the style manual of *Variety*. Such a colorful presentation of information is common in show business and needed in the RV industry given the apparently dreary evidence of February shipments. But note the use of the word "apparently." As discussed below, shipments actually were doing better in some instances than our most recent forecast.

Total RV shipments in February, as reported by RVIA and adjusted for normal seasonal patterns, were down in most comparisons. At 30,140, total units shipped were off nearly 4,700 units (13.5%) from the same month in 1989. The last time any single month came in as low as February was back in early 1986 or late 1985. Total shipments and shipments for each major sector also fell outside the range for February as defined by the experience of 1987-1989. *(See Figures 1 through 4).*

In sum, February shipments were down by nearly 2,100 units (6.4%) from January, and shipments were running almost 6,400 units (9.3%) behind the year-to-date figures for 1989. *(See Figure 6.)*

Towables were down by just 5% from February 1989, while motorhome shipments were off by 17% from the same month a year ago but higher than in any of the last four months of 1989. Van

GRAPHICS: CUSTOM COLOR VISUALS

conversions, down by 18% from 1989 February, had not been so low since late 1987.

Motorhomes and van conversions both got off to a slow start in 1990. Towables, by comparison, were looking good. Travel trailers gained 2.6 market-share points, and folding-camping trailers added another 1.0 point. *(See Figure 5.)*

As of February, towables were 160 units ahead of the first two months of 1989. Conventional travel trailers comprised almost all of that gain after netting out fiver advances and park-model losses.

Motorhomes, for the first two months of 1990, were running 16%, or nearly 1,900 units, behind the pace of 1989. Class C minimotorhomes and Class A's led this slide. And, for the third consecutive month, van conversions were down. Thus far in 1990, there were nearly 4,700 fewer conversions (14%) shipped than in '89.

Results from the first two months of 1990 suggest that the industry will not meet the moderate growth earlier forecast. The quarter will end with shipments of 93,500 units, which is about 9.5% below our forecast in the March 23 issue of RVB. A closer look, however, indicates that both towables and motorhomes were doing better than predicted. Our forecast set first-quarter shipments of towables at 34,200; as of February, the industry was heading for 36,100 units, or 5.5% higher than expected. Motorhomes were projected to hit 13,500 in the first quarter, but the industry was operating at a 14,700-unit pace, or nearly 9% ahead of the forecast.

PERCENT MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1990	1989	Change
TOTAL RVs	100.00	100.00	0.00
Travel Trailers:	25.62	23.03	2.59
Conventional	14.99	13.40	1.59
Park Models	1.83	1.95	−0.11
Fifth-wheels	8.79	7.68	1.12
Folding Camping Trailers	10.21	9.23	0.97
Truck Campers	2.79	2.53	0.26
TOTAL TOWABLES	38.61	34.79	3.82
Motorhomes:			
Class A	8.76	9.65	0.89
Class B Van Campers	1.47	1.15	0.32
Class C:	5.54	6.24	−0.70
Minis	4.07	5.29	−1.22
Low Profiles	0.35	0.43	−0.08
Micro-minis	1.12	0.52	0.60
TOTAL MOTORHOMES	21.32	23.28	−1.97
Multiuse Van Conversions	45.61	48.16	−2.55

Percentages may not add to total because of rounding.

Figure 5

The single segment bringing down the industry was van conversions. By February, van conversions were being shipped at a rate of 42,600 units for the quarter, 23% off the 55,400-unit pace anticipated.

With the first quarter ahead of schedule, it is possible that our revised 1990 forecast will be even stronger than the 4.6% increase anticipated. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

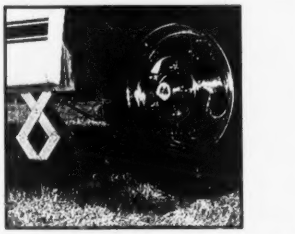
Type of Units	Feb '90	Change From Jan '90 Number	Change From Jan '90 %	Year-to-Date 1990	Year-to-Date 1989	Change Number	Change %
TOTAL RVs	**30,140**	**- 2,070**	**- 6.4**	**62,340**	**68,720**	**- 6,380**	**- 9.3**
Travel Trailers	7,710	- 550	- 6.7	15,970	15,830	140	0.9
Conventional	4,420	- 520	- 10.5	9,350	9,210	130	1.4
Park Models	600	60	10.3	1,140	1,340	- 200	- 14.6
Fifth-wheels	2,690	- 100	- 3.4	5,480	5,280	210	3.9
Folding Camping Trailers	2,620	- 1,130	- 30.2	6,360	6,350	20	0.3
Truck Campers	870	0	0.5	1,740	1,740	0	0.0
TOTAL TOWABLES	**11,190**	**- 1,680**	**- 13.1**	**24,070**	**23,910**	**160**	**0.7**
Motorhomes:							
Class A	2,670	- 120	- 4.4	5,460	6,630	- 1,170	- 17.7
Class B Van Campers	430	- 50	- 9.5	910	790	120	15.6
Class C	1,690	- 80	- 4.4	3,460	4,290	- 830	- 19.4
-Minis	1,280	30	2.3	2,540	3,630	- 1,100	- 30.2
-Low Profiles	80	- 70	- 46.7	220	300	- 80	- 25.7
-Micro-minis	330	- 40	- 10.9	700	360	340	95.3
TOTAL MOTORHOMES	**4,790**	**- 250**	**- 4.9**	**9,830**	**11,710**	**- 1,880**	**- 16.0**
Multiuse Van Conversions	14,150	- 140	- 1.0	28,430	33,100	- 4,660	- 14.1

Note: Data rounded to nearest 10 units.

Figure 6

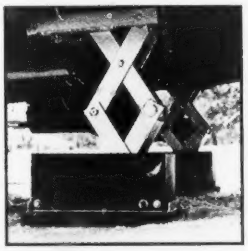
THE SUPERIOR

Accu-Level Motorhome Leveling, Stabilizing System...



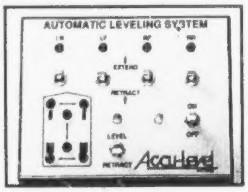
☐ Two-way hydraulic cylinders with proven scissors-type jack construction... power up, power down.

☐ Pressure-free hydraulic lines once system is leveled... won't sag, settle or bleed off over long periods of time.



☐ Large 16" by 9½" foot pads eliminate the need to put plates or planks down before leveling on soft ground.

☐ Positive leveling and stabilizing both from side to side and front to back.



☐ Ultra-compact control panel (3¾"×4¾") mounts into the dash, is completely electric and easy to operate.

☐ System uses three level sensors... eliminates the possibility of frame twist.

"Designed And Built With You In Mind"

Contact your dealer or
Accu-Level for complete information

Accu-Level
HYDRAULIC LEVELERS

413 Linnerud Drive, Sun Prairie, Wisconsin 53590
(608) 825-3835 or (608) UB-LEVEL

FEATURE

FOLD-DOWNS SEEK 1990 REBOUND

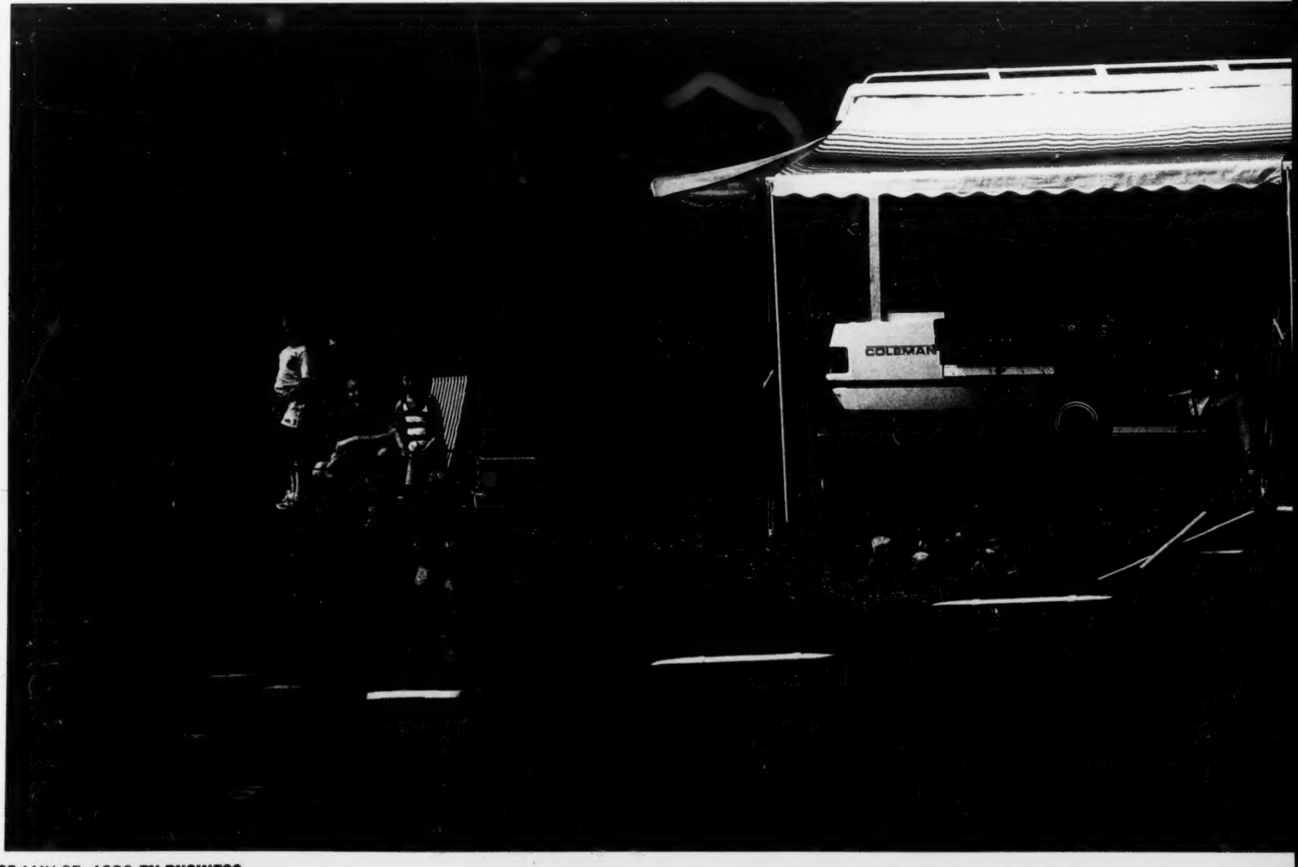
1990 may prove a turning point for sales and the first test of newcomer Fleetwood.

VICKIE ELMER

Jim Sheldon, director of marketing for Fleetwood Enterprises Inc.'s RV Group, has a story he enjoys telling when asked about the Riverside, Calif., firm's hopes for its new folding-camping trailer business, acquired last year from The Coleman Company Inc.

Picture this scene, Sheldon says: A couple driving a high-end foreign car pulls in to an RV dealership. They lug a baby and a toddler out of the car and start to look around the lot. Soon their choice becomes obvious. They want a fold-down. Clearly, they could have afforded something much plusher or pricier, but they explain to the salesman that they want their kids to experience camping on a basic level, much as they did as children camping in tents.

Now, Sheldon suggests with relish, imagine this tableau occurring hundreds or even thousands of times a year at dealerships throughout the country. That's what Fleetwood is betting will happen this year and in the years ahead. Thousands of Yuppies will hitch folding trailers to their Volvos, Broncos and Saabs, predicts Sheldon. And, having acquired Coleman's 30%



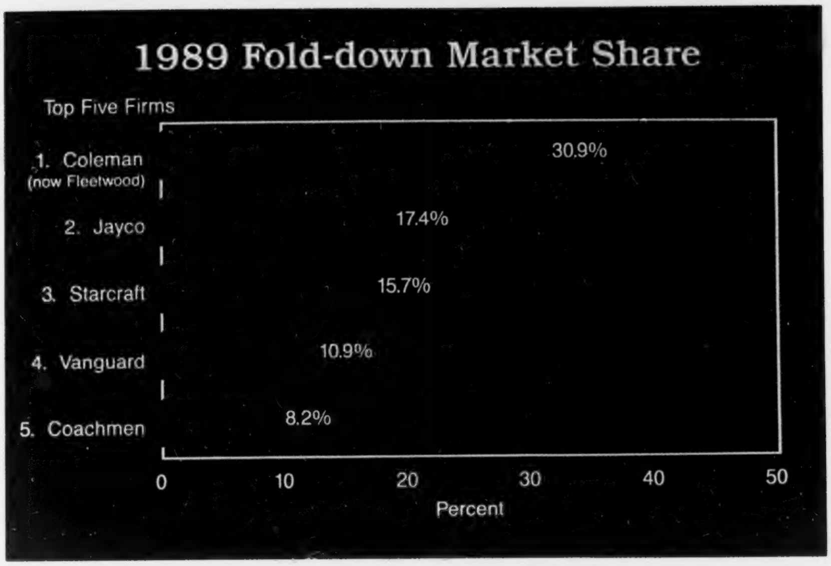


CHART: CUSTOM COLOR VISUALS

The top-five fold-down makers and their retail-market shares are shown in the chart above. Actual market-share figures were unavailable for other manufacturers, but other top-10 fold-down makers—listed in order of their unit-sales ranking—were Rockwood Inc., Goshen, Ind., No.6; Skamper Corp., Bristol, Ind., No. 7; Van American-Cobra Inc., Goshen, Ind., No. 8; and Sun-Lite Inc., Bristol, Ind., No. 9. Data is courtesy of Statistical Surveys Inc., Grand Rapids, Mich.

market share along with its manufacturing plant and dealer network, Fleetwood will be there to serve them.

Signs of a Rebound

Are there any signs that Sheldon's hopes are not just a pipedream? Through March of this year, shipments of Coleman fold-downs from the Somerset, Pa.-based Fleetwood Folding Trailers operation increased 20% over last year, according to Larry Marsh, director of sales for Fleetwood Folding Trailers. "It's very encouraging for us," Marsh sums up.

After a dismal performance in 1989, other manufacturers also expressed hopes of attaining similarly healthy, if not huge, sales growth in the months ahead.

For example, Starcraft Corp., Goshen, Ind., the No. 3 tent-camper manufacturer, expects a 5% to 10% sales increase in 1990. Starcraft Chairman Don Cuzzocrea argues that dealers have room in their inventories to buy now and that early signs indicate that they will be ordering more fold-downs.

Middlebury, Ind.-based Jayco Inc., the nation's second largest folding-trailer maker, is also planning for a long-term sales climb. The company moved its pop-up camper operations to a larger plant in December of last year, increasing capacity by 20%, notes Chuck McKinney, Jayco national sales manager. The expansion reflects the level of optimism Jayco has in the fold-down market, McKinney says.

The statisticians generally back up manufacturers hopes. In his latest forecast, John DeWolf, economic consultant to the Reston, Va.-based Recreation Vehicle Industry Association (RVIA), predicted that folding-camper shipments would increase 5% this year to 35,600 units, up from 33,900 units shipped in 1989. That increase will not recover ground lost by the almost 20% drop in 1989 from 1988, however. But DeWolf sees the upward trend strengthening, with another 12.4% gain for fold-down shipments in 1991, raising the annual tally to 40,000 units. To put that figure into perspective, 40,000 shipments will outstrip the average of 36,240 units shipped annually in the 1980s. Of course, the 1991 level will still fall short of the tent camper's heyday, when sales peaked at 97,700 units in 1973.

Similarly, Morton Marcus, economic analyst with the Center for Econometric Model research at Indiana University and a regular contributor to *RV Business*, predicted in his most recent forecast in RVB's March 23 issue that folding-camping trailer shipments would rebound by 5.8% in 1990 after their 18.9% drop in 1989.

Early indicators on the direction of fold-downs have been mixed, however. In January, fold-down shipments to dealers increased 13.3% over January of 1989, a stronger showing than for any other type of RV except the small Class B van-camper niche market, according to RVIA's statistics. In February, however, RVIA shipment figures showed that camping trailers slipped back by 13.8% compared with February of last year. The cumulative effect was to leave fold-down shipments at the same level they had attained after the first two months of last year.

A Close Watch on Fleetwood

Industry observers agree, the biggest change in the business this year is Fleetwood's entry into the marketplace after its December 1989 purchase of Coleman's folding-trailer division in Pennsylvania. Manufacturers and dealers alike are waiting to see what the RV giant is planning for Coleman, the fold-down market leader with more than 30% of national sales.

At this point, Sheldon and Marsh are willing to give only a few clues about those directions. Fleetwood will keep Coleman as a one-brand, one-plant operation, Sheldon confirms. And Fleetwood, which acquired use of the Coleman name for five years, will market its fold-down units with a "by Fleetwood" signature beginning in the 1991-model year.

As to a completely new name for Fleetwood's pop-up camper line, Elden Smith, senior vice president of Fleetwood's RV Group, says the company already is thinking about names and may even try out some ideas on its dealers this summer. But it will be at least a year before the new

Fleetwood hopes to use units like the 1990 Coleman Sequoia unit (below) to entice first-time buyers who can later be moved up into a Fleetwood travel trailer or motorhome.

brand debuts, he adds, and then only in conjunction with the familiar Coleman moniker.

Fleetwood also hopes to position its folding trailers as entry-level products that will build trade-up sales for its travel trailers, fifth-wheels and motorhomes, according to Marsh. He admits that first-time buyers often start with a used trailer or motorhome before stepping into a new one of the same type, but he argues that, with the right products and incentives, Fleetwood can to change that pattern.

Finally, Fleetwood is seeking to guard and expand its market dominance by filling in Coleman's dealer network in areas where there are currently no Coleman dealers. It has sent letters to Fleetwood dealers asking them to respond if they are interested in carrying fold-downs and already has signed on a number of dealers, including one in Anchorage, Alaska. But most of the target locations are in secondary markets, with the largest number, about 10 locations, in the South.

How do Fleetwood's folding-trailer competitors feel about all this?

Gary Wyatt, vice president of marketing for Skamper Corp., Bristol, Ind., says he sees some positive results from Fleetwood's entry into the fold-down market because of its long-term commitment to the RV industry. As a public company, Fleetwood has shareholders to whom it must answer, so it will be less likely to slash prices and cut margins than some others, he points out. But he questions how Fleetwood will deal with the eventual loss of the famous Coleman name without also losing some business.

Will Low-Line Units Dominate?

In last year's scramble to shore up sliding sales, many manufacturers introduced lower-priced units to entice more first-time buyers – similar to the trend toward low-priced travel trailers of the last 18 months. For example, about 75% of Jayco's camping-trailer sales are now concentrated in its economy J series, a basic unit that retails for $3,000 to $3,800, according to McKinney.

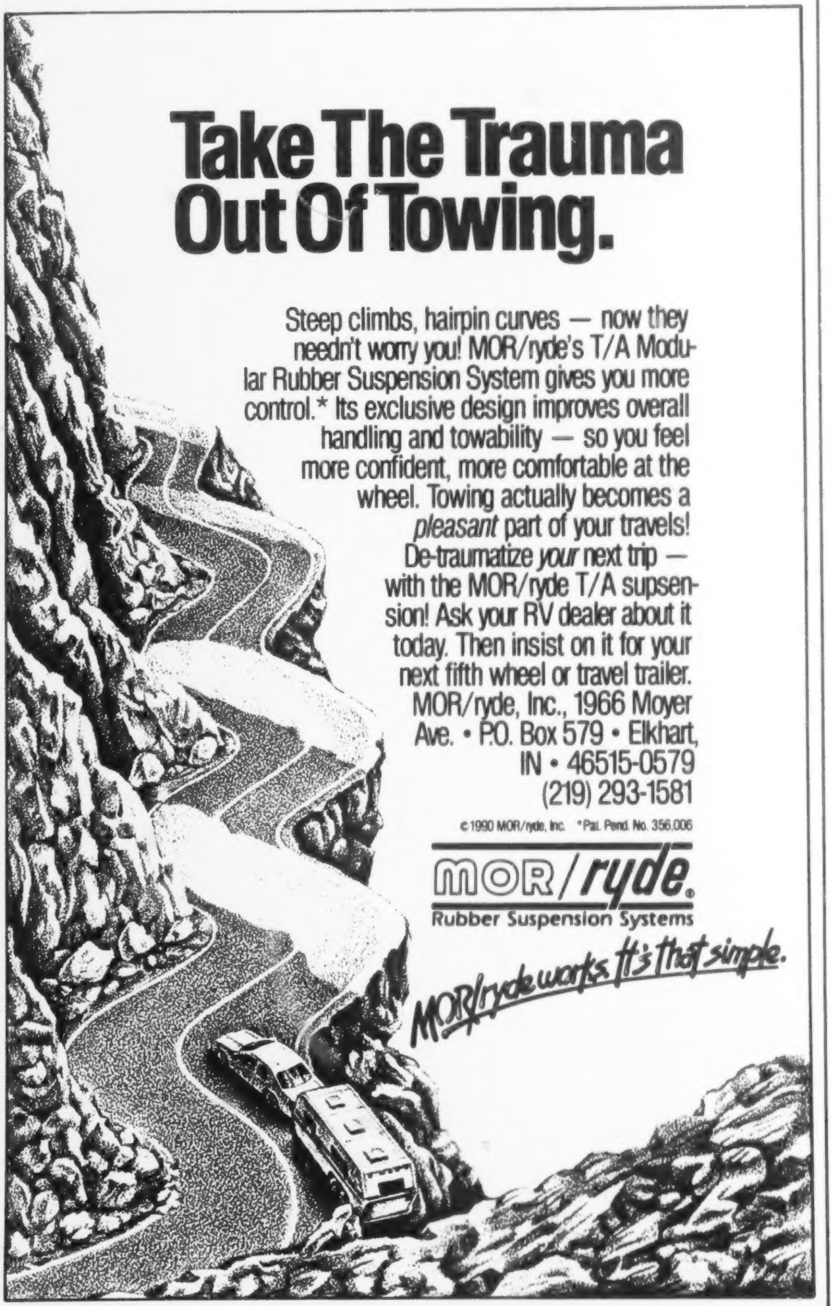
Skamper joins other manufacturers in predicting a move this year to more "comfort and convenience features – more bells and whistles."

But Wyatt at Skamper joins other manufacturers in predicting a move this year to more "comfort and convenience features – more bells and whistles." Among the added amenities in 1990, according to manufacturers, will be hot-water showers, toilets, queen-size beds and air conditioners.

The target buyers themselves are likely to put a cap on a shift to higher-priced camping trailers. Marsh at Fleetwood says that surveys show the typical folding-trailer buyer is between 25-47 years old, married with 1.7 children and living in the suburbs on a family income of around $37,000 a year. These relatively young buyers also may have high expenses – a mortgage or children in college – so they either don't want or cannot afford the higher-priced recreational vehicles, he says. In addition, Marsh notes that the new federal-tax laws have wiped out interest-expense writeoffs and eliminated many families' income-tax refunds, which often were used in buying a camper.

Some Geographic Shifts

In 1990, determining where the target buyer lives may be an equally important factor in judging the market. All manufac-


Take The Trauma Out Of Towing.

Steep climbs, hairpin curves — now they needn't worry you! MOR/ryde's T/A Modular Rubber Suspension System gives you more control.* Its exclusive design improves overall handling and towability — so you feel more confident, more comfortable at the wheel. Towing actually becomes a *pleasant* part of your travels! De-traumatize *your* next trip — with the MOR/ryde T/A supsension! Ask your RV dealer about it today. Then insist on it for your next fifth wheel or travel trailer.

MOR/ryde, Inc., 1966 Moyer Ave. • P.O. Box 579 • Elkhart, IN • 46515-0579
(219) 293-1581

©1990 MOR/ryde, Inc. *Pat. Pend. No. 356,006

MOR/ryde.
Rubber Suspension Systems

MOR/ryde works. It's that simple.

turers report that they are dealing with huge regional swings in fold-down sales.

The northeastern United States – and New England in particular – has long been a stronghold for folding-camper sales. But, in the last year, the Northeastern economy has stumbled because of troubles with computer companies, real estate prices and banking. Fold-down sales in the region have slowed markedly.

> *The northeastern United States – and New England in particular – has long been a stronghold for folding-camper sales. But, in the last year, the Northeastern economy has stumbled.*

In compensation for the slump in that traditional market, many manufacturers are reporting that the Southeastern states look promising, with the Carolinas and Virginia likely to see good growth in sales. Texas and the oil states also have the potential for some increased activity, according to Skamper's Wyatt. And the Midwest – including Michigan, Illinois, Ohio and Indiana – "is coming on a little bit stronger," Fleetwood's Marsh reports.

Beyond the regional ups and downs of 1990 and 1991, however, manufacturers generally agree on the market's good long-term prospects. They point to the trend toward smaller cars that lack the towing power for a larger RV and to how easily a fold-down can be stored (in a garage or tucked away in a corner of the backyard), which appeals to increasingly congested suburban and urban lifestyles. In addition, they note, campers are more versatile when it comes to end destinations: They are easy to park and set up, and they require fewer hook-ups. Fold-downs are as at home in the wilderness as in a luxury resort-campground.

Jayco and Fleetwood officials even see some indications that older couples will join Yuppies in returning to folding trailers. "They want to recapture some of the fun they had" camping 20 years ago, Fleetwood's Marsh says. Of course, the unspoken hope is that, if the demographics are expanding, fold-down makers will get to recapture some of their sales levels of 20 years ago, too. Δ

Distinctly Different . . .

Kountry Star

Quality is #1 at Newmar Corporation, and our "Personal Touch" inspection of all products will insure you of that high quality before any RV ever leaves our plant!

BY Newmar Corp.

Newmar Kountry Klub *Check It Out!*

Newmar Corporation, P.O. Box 30
Nappanee, IN 46550-0030, (219) 773-7791

Here are 20 Good Reasons for Stocking All of Sun's Popular Profit Makers:

20 quality products that turn over fast and bring your customers back for more!

Frig-O-Gage
MiniComp
Sunglass Visor
STICKLER
VERTICAL Mirr-O-Gage
Featherweight MIRROR
OUTSIDER
HORIZONTAL Mirr-O-Gage
ROADRUNNER
ZIP-O-GAGE
Temp-O-Gage Jr.
LEV-O-GAGE II
Temp-O-Gage III
super Lev-O-Gage II
Lev-O-Gage II
LEV-O-GAGE Jr.
LEV-O-GAGE SR
Mirror/Thermometer
Therm-o-comp
Lev-O-Gage Sr.
super Lev-O-Gage
Lev-O-Gage

Call your favorite RV Distributor today. You have 20 Good Reasons!

SUN

14025 West 66th Avenue
Arvada, CO 80004 U.S.A.
Toll Free: 800-441-0132
Fax: 303-467-1104

c8950-2

RV BUSI

TLF1 20814 069100 3DG
*C 9007 058 BGL
JEANNE LONG
ACQ EDITOR
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

JUNE 11, 1990

RV Dealers Review Open House

A quick RVB survey of some of the 1,089 dealers participating in the second National RV Open House Week, April 28-May 6, found a range of results, from fantastic to disappointing. Generally, responses seemed to divide along regional lines, with Midwestern dealers reporting good sales and other regions turning in more mixed reviews.

Although dealer participation was down slightly from the 1,205 joining in the 1989 open-house event, Chris Morrison, public relations director for RVIA, which sponsored the National RV Open House Week, said, "We are pleased with the level of participation in a year in which market conditions are not ideal. We're proud that more than 1,000 dealers joined forces to expand the market at a time when it's as important as it's ever been. We feel the real measure of the program's worth is not the number of dealers who have signed up but how well they did during the week. Preliminary results from dealers across the nation were enthusiastic and encouraging." Morrison added that RVIA is analyzing answers to a survey included in the dealers' promotion kits, with results to be announced by the end of May.

Highlights of this year's open house, which was also backed by RVDA and a range of state trade associations, included: a revised RVIA promotion kit of signage, banners and ad slicks for dealers; RVIA-supplied videotapes to be tailored to local dealers' TV campaigns; a new targeted-ad campaign with a customized local-newspaper insert; a four-page *USA Today* advertorial promoting the RV lifestyle; a chance at a grand prize trip to Alaska for consumers visiting participating dealerships; and numerous mailings, co-op programs, tie-ins and consumer-incentives by RV manufacturers, suppliers and publishers.

RV OPEN HOUSE: Some dealerships like Penny Motors Inc., Vienna, Va., (top) were unsure whether the National RV Open House Week's promotional effort paid off, blaming a poor regional sales climate. But other retailers joined Daily's RV and Auto Sales, Anaheim, Calif., (below) in raving about the sales returns.

AILY'S
& AUTO SALE
HOMES
TRAIL

Although many dealers were enthusiastic about the effectiveness of the national promotion, some dealers did report poor turnouts, citing local factors such as a slack regional economy, low dealer participation, poor timing of the event and bad weather. The following overview of dealer experiences is divided by region:

Midwest

Open House results in the Midwest were generally positive. At Westland Camping Center Inc., Westland, Mich., owner Marge Woods reported, "We did much better this year than we did at last year's open house because the 17 dealers of the Metro Detroit RV Dealers Association pooled money to do radio, TV and print advertising targeted at the first weekend of the open-house promotion." In addition to the ad campaign,

continued on page 13

7 Gulf Stream Upgrades Image With New Units

7 Imported RV Components On the Rise

7 Regional Data Shows Mixed Market Trends

8 Ramco Buys 2 Companies

8 Fire Damages Van American Fold-down Plant

9 Automakers See Van-Chassis Gaps As Short-Term

9 RVIA Gives Go-ahead to New Cable-TV Series

10 Torch Industries Closes; Assets May Be Sold

10 Mayflower Staff Forms New Firm

11 Amerigo Plans To Split From Ger-Win Corp.

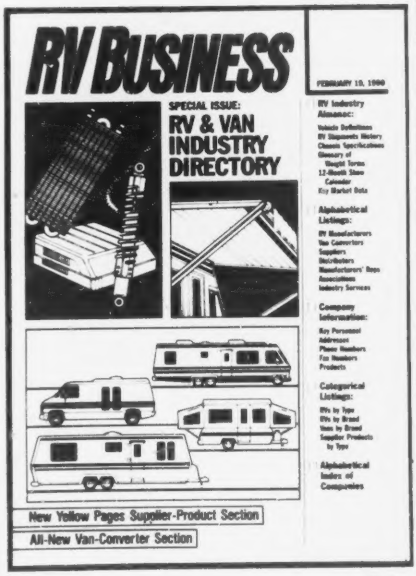
11 Carefree Sales Up in Turnaround

12 Sleeping-Bag Firm Buys Travasak

RV BUSINESS

VOLUME 41, NUMBER 5 JUNE 11, 1990 TWO DOLLARS

17



SPECIAL ISSUE:
RV & VAN INDUSTRY DIRECTORY

RV Industry Almanac:
Vehicle Definitions
RV Shipments History
Chassis Specifications
Glossary of Weight Terms
12-Month Show Calendar
Key Market Data

Alphabetical Listings:
RV Manufacturers
Van Converters
Suppliers
Distributors
Manufacturers' Reps
Associations
Industry Services

Company Information:
Key Personnel
Addresses
Phone Numbers
Fax Numbers
Products

Categorical Listings:
RVs by Type
RVs by Brand
Vans by Brand
Supplier Products by Type

Alphabetical Index of Companies

New Yellow Pages Supplier-Product Section
All-New Van-Converter Section

35

COVER PHOTOS: PENNY MOTORS COURTESY OF RVIA; DAILY'S RV BY DEREK HAMAGUCHI

NEWS AND TRENDS

Industry News 7
RV People 17
DAB Perspective 20

FEATURES

Dealer Salary Survey 22
A survey of RVB's Dealer Advisory Board reveals wide variations in compensation of dealership sales staff. The survey details high, low and average values for sales salaries, commissions and fringe benefits, as well as other factors such as dollar volume per salesperson.

Just the Fax, Please 25
The use of facsimile machines is changing the way the RV industry does business at every level, from OEM to distributor to dealer. This overview of the "fax" impact includes tips on how to shop for a fax machine.

1990 Directory Update 35
This update of RVB's Feb. 19 "RV & Van Industry Directory" includes corrections and additions to listings of RV manufacturers, van converters, suppliers, distributors, manufacturers' representatives and RV services.

DEPARTMENTS

Dealer Concept 42
Marketing 44
Service 46
Calendar 49
In Brief 51
Profitmakers 52
Classified Advertising 56
Index to Advertisers 57
Commentary 58

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

DAB PERSPECTIVE

MARCH SEES RETAIL RECOVERY

GAYLORD MAXWELL

RVB's Dealer Advisory Board (DAB) reported mixed results in March, but, overall, things were looking up. After the first two discouraging months of 1990, there were some definite signs of an improving RV economy by the end of the quarter.

The DAB's total dollar volume for March was only very slightly behind the same month of last year, which would make March the best month in 1990 to date.

In new-unit sales, the score was also about even: 11 DAB members were up, and 12 were down. As a result, the new-unit sales total was almost identical with that of March 1989. Three RV types – all of which were towables – were up in new sales. Motorhomes and slide-ins took it on the chin, however.

The used-sales picture also was almost the same as March 1989. In terms of the total number of units sold, March 1990 was off by only 1% from the same month last year. But there was a difference in the sales trends for the various RV types: Two types were up (travel trailers and truck campers), and the other three types were down for the month.

Overall, profits were better than usual in March. There were more excellent ratings than we had seen in a long time, and an abundance of good markings for new-unit profits. Used profits slipped some and were reported to be generally fair to good. Service was generally rated as good. Bottom-line ratings were divided about equally between good, fair and poor.

New inventories appeared to be a bit larger than normal in March; ratings were high to average. Quite the opposite, the supply of used units was ranked as average to low. Lot traffic and the number of new buyers both got ratings of average to low.

Year-to-date, the retail picture wasn't quite so bright. Dollar volume for the DAB was down 11% from the first quarter of 1989. Only nine dealers' sales were up for the first three months, and 14 dealers reported that they were lagging behind last year's pace.

Although the evidence wasn't sufficient by the end of the first quarter to predict a better year than in 1989 for the average dealer, March figures definitely brightened up the dull scene painted by January and February.

Motorhomes

It is quite obvious that motorhome dealers are in for a struggle this year. A downward trend seemed clear by March. Eleven of the DAB members who stock that type were down in new-unit sales for the month; six were up, and two said their sales were the same as in March 1989. Class C's did appear to be making a comeback; March sales of that type accounted for a larger share of the total than usual. Used-unit sales were down, too, for the month, but not as much as new sales.

Year-to-date, the motorhome retail market was even more depressed. Sales of new units were off 18% from the first quarter of 1989, and used-unit sales had dipped by 14%. However, the profit picture wasn't so bad; there were more ratings in the excellent column than we had seen in many, many months. Apparently, dealers were working harder for better profits on fewer units sold.

Travel Trailers

After several years of slippage, it appears that this RV type is coming back. New-unit sales were up for the month for the DAB as a whole, although there were as many dealers who reported they were down in unit sales as those who said they were up. Used units did very well in March. Profits were generally rated as good.

Year-to-date, the market was even better for new units, and the used total was about even with the first three months of last year. It looks like a good year ahead for travel-trailer specialists.

Truck Campers

New-unit sales slipped considerably in March. All three of the large DAB dealers of this type declined for the month. Year-to-

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	MARCH 1990	MARCH 1989	% CHANGE	1990	1989	% CHANGE	MARCH 1990	MARCH 1989	% CHANGE	1990	1989	% CHANGE
MOTORHOMES	167	190	−12	399	487	−18	172	183	− 6	439	508	−14
TRAVEL TRAILERS	129	119	+ 8	327	288	+14	133	101	+32	260	258	+ 1
TRUCK CAMPERS	30	21	−43	63	75	−16	21	21	0	53	41	−29
CAMPING TRAILERS	166	153	+11	316	304	+ 4	35	48	−36	55	72	−24
FIFTH-WHEELS	54	47	+15	135	126	+ 7	28	31	−10	79	68	+16

	FOR MONTH			YEAR-TO-DATE		
	MARCH 1990	MARCH 1989	% CHANGE	1990	1989	% CHANGE
SALES VOLUME	$17,549,000	$17,794,000	−1	$40,089,000	$45,180,000	−11
TOTAL UNIT SALES	935	937	< −1	2036	2227	− 9
NEW-UNIT SALES	546	553	−1	1150	1280	−10
USED-UNIT SALES	389	384	+1	886	947	− 6

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **David McMann,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Robert Jensen,** Layton, Utah; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Delores McNally,** Portland, Ore.; **Annette Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

date, new-unit sales did not do quite so badly, but things were far from good.

Used-unit sales, meanwhile, were the same as March of last year, but year-to-date sales were off considerably from the level of 1989's first quarter. Profit ratings ran the full gamut from excellent to poor.

Perhaps price, both of trucks and truck campers, accounted for the sales difficulties of this RV type.

Folding Camping Trailers

Fold-downs enjoyed a good reception among consumers in March. Eight DAB dealers of this type reported an increase in new-unit sales compared with March 1989, while six said sales had dropped. Nearly all of the fold-down specialists reported improvements over last year.

> *Although the evidence wasn't sufficient to predict a better year than in 1989 for the average dealer, March figures definitely brightened up the dull scene painted by January and February.*

Used units fared poorly compared with March 1989, a rather normal situation for camping trailers, which are more often sold privately. Profits were mixed, but more dealers' ratings fell into the good or excellent columns.

For the year-to-date, new-unit sales outpaced the first quarter of last year, but their lead wasn't large. Used sales were down considerably for the first three months.

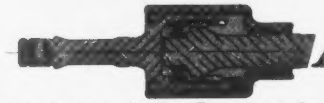
Although the sales story for this type has yet to be completed, the outlook is promising for this year.

Fifth-wheels

March was a good month for new fiver dealers. Eight had increased sales (including four of the five "heavyweight" dealers) over March 1989. Used sales were off a bit. Profits were generally rated from excellent to good.

Year-to-date, retail sales were also looking good. Both new- and used-unit sales were up for the quarter.

It is quite likely that the long, upward trend for this type will continue. Δ



THE TOWING ALTERNATIVE

New Axle-Lock ...
Another Practical Solution
For Towing
Front Wheel Drive
Automatic Cars

Axle-Lock

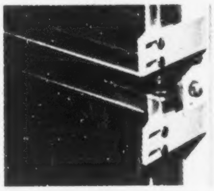
The Axle-Lock and other Remco equipment eliminates the need for an expensive, heavy, inconvenient, troublesome, cumbersome, space stealing dolly.

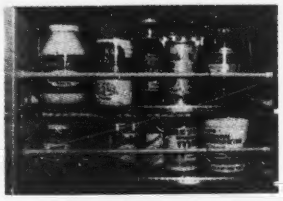
With the Axle-Lock, a simple twist disconnects the axles on your front wheel drive vehicle from the transmission. Axle-Lock will not damage the drive train and does not log mileage on towed vehicle.

Remco also has Transmission Lube Pumps, Drive Shaft Couplers, Tail Light Kits, and Tow bars with Bolt on Brackets.

Now available for many Toyota, Hyundai, Mitsubishi, Ford & GM front wheel drive compact cars. For more information and a complete application listing, call or write:

Remco
4138 so. 89th street
omaha, nebraska 68127
phone (402) 339-3398
toll free 1-800-228-2481





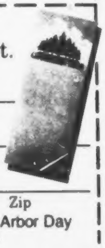
FRIJILOK! MANUFACTURERS OF CONVENIENCE PRODUCTS FOR R.V.s

AUTOMATIC SAFETY LATCH
Single Door Kits or Double Door Kits

SUPER SAFETY RAILS
15½" x 28" Wide

IN-SINK-A-LOK!
(Fits 1½" Drain Holes)
IN-SINK-A-LOK 2
(Fits 1¼" Drain Holes)
A Quality Sink Stopper For Your R.V.

If you're not stocking ALL our products . . . you're missing profits!
Ask your distributor, or contact:
FRIJILOK INTERNATIONAL • 9648 9th AVE., UNIT 2. • HESPERIA, CA 92345 • (619) 244-2174



The National Arbor Day Foundation Urges You to Plant Trees to Fight the Greenhouse Effect

The Greenhouse Effect is accelerating at an ominous pace. **You can make a difference.** The trees you plant take carbon dioxide (CO_2) out of the air and can help conserve energy.

Free Booklet. Just return this coupon to receive your free tree planting and care guidebook, *Conservation Trees.*

Yes, Send my free *Conservation Trees* booklet.

Name

Address

City State Zip

Mail to: Conservation Trees, National Arbor Day Foundation, Nebraska City, NE 68410

DEALER SALARY SURVEY

A survey of RVB's Dealer Advisory Board reveals the wide range of salaries, commissions and fringe benefits offered to dealership salespeople

GAYLORD MAXWELL

The question of how much the average RV salesperson earns is obviously an issue of intense interest in the RV industry.

Dealers need to know how their compensation packages measure up to the financial attractions offered by other RV dealers, RV manufacturers and even other industries because, to some extent, they all compete for the same employees. Of course, RV salespeople want to know the facts so they can maximize their earnings by comparing opportunities. Finally, the industry as a whole needs to know whether salaries and commissions are competitive enough to attract the right people to careers in the RV field.

Yet reliable information about the earnings of RV salespeople is not generally available. So, RVB undertook a poll of its 23-member Dealer Advisory Board (DAB) in an attempt to collect some basic data.

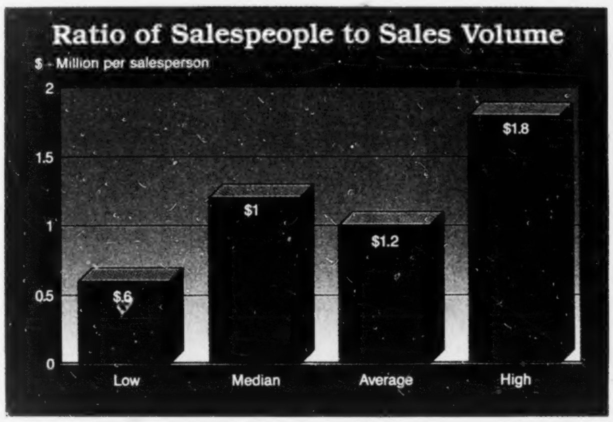
DAB members have been chosen to represent a cross section—in terms of size, product and geographic location—of the U.S dealer body. Their monthly reports on dollar- and unit-volume sales of new and used units in major RV categories are compiled in a "DAB Perspective" appearing each month in RVB.

In this quick survey of sales-staff pay, our findings were based on information supplied by 18 dealers with a total of 165 salespersons (including sales managers and finance-and-insurance salespersons). Of those 165 salespeople, 145 were males and 20 were females. The dealerships ranged in size from those with annual sales of more than $40 million to those doing closer to $3 million in sales a year. All figures pertain to calendar-year 1989.

Although the information we obtained provides an interesting perspective, we hasten to point out that a scientifically valid study would have to be much more comprehensive, with random sampling of a much larger number of dealers nationally.

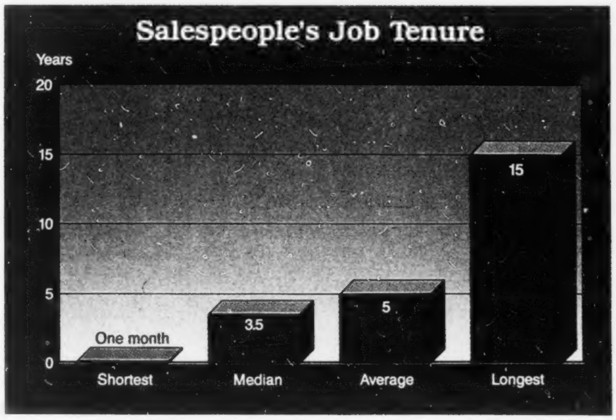
Also, we should note that dealership size and regional income differences are not broken out of this aggregated, national data. Thus, in looking at the ranges reported, it should not be assumed that the highest salary reported, which may come from a large dealer in a West Coast metropolis, and the lowest, which may come from a small dealer in a Southern town, are necessarily applicable to any single dealer's market area.

However, we think the information derived from the questionnaire filled out by the DAB's dealer-members does provide a general picture of how today's dealership salespeople are faring economically.



Sales Volume per Person

The "highest" volume of sales per salesperson was achieved by a dealer with five salespeople and more than $5 million in sales. The "lowest" figure was from a dealer with a sales force of seven but less than $5 million in sales. Large dealerships generally reported higher sales per salesperson than those that were small.

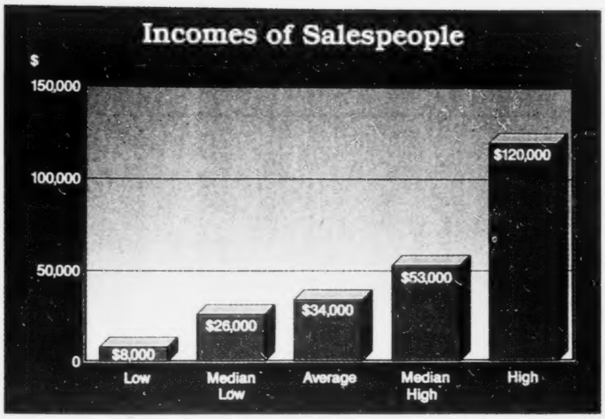


Salespeople's Tenure

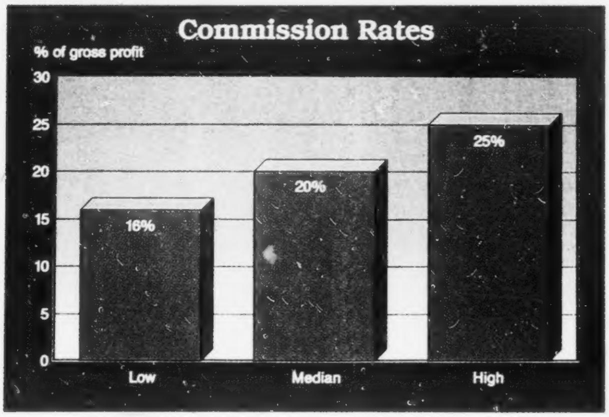
About two-thirds of the dealerships reported employing at least one salesperson with less than one year's service. About half had at least one salesperson who had been employed for more than five years as of 1989. One dealer reported that his six employees had been with him an average of eight years each. In general, the largest dealers appeared to have more turnover than the smaller dealerships.

Income of Salespeople

Sales income was correlated to some extent with the size of the



dealership, with the higher incomes reported by the larger dealerships. Still, some of the largest dealerships did not have salespersons with incomes above the median high of $50,000 last year. It should be pointed out that the salesperson receiving the top $120,000 income made $30,000 more than the next highest earner. Also, more than half of the reporting dealerships had no salesperson earning more than $50,000 last year. Over half reported average earnings of less than $40,000, and five dealers said their salespeople averaged less than $30,000 in 1989. Only one dealership reported that its sales staff earned an average of more than $50,000 annually.

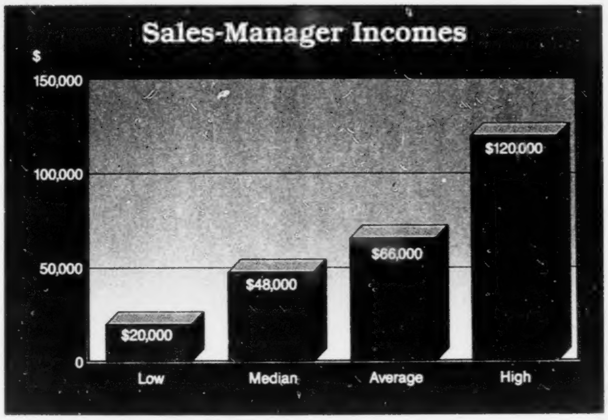


Commission Rates

Various percentages are frequently added to the base percentage sales commission. About 25% of the dealers polled said they paid 25% commissions; about 12% paid less than 20% commissions. However, packs, meaning noncommissionable expenses added by dealers to the vehicle price, also affected the actual amount that salespeople received. About 25% of the dealers said they did not add packs to vehicle prices. Only one dealer reported packing 8%, and one said he packed 7%. All others were adding 6% or less in packs in 1989. Only one dealer reported using a flat dollar amount of pack. The median pack was 5%.

Fringe Benefits

In 1989, 60% of dealers gave paid vacations; 70% offered health insurance; and 50% had profit-sharing plans. In addition to paid vacations, health insurance and profit-sharing plans, various other fringe benefits were offered by the dealers surveyed, including incentive trips, use of company equipment, sick days, etc. A great variety of insurance plans were provided, with varying benefits: For example, some dealerships included dependents at no charge or included coverage for dental expenses, eyeglasses, etc. A few dealers also provided some life insurance to sales staff. Profit-sharing plans also differed greatly; most dealers said they provided salespeople with some share of the year-end net income for 1989.

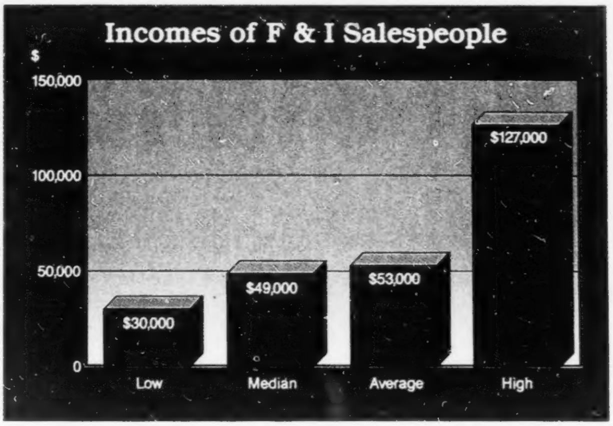


Sales Managers

Approximately 75% of the responding dealerships had sales managers, some of whom had additional duties. Most sales managers were paid a percentage of the gross; many also received bonuses based on the dealerships' net profits. Some got salaries plus percentages. Approximately 60% of the sales managers received more than $50,000 in 1989.

F&I Salespeople

Approximately 75% of the dealerships reported having separate positions for finance-and-insurance (F&I) salespersons. Others included that duty with others. About 50% of the F&I salespeople were strictly commissioned, with various percentages cited, while the other half were paid a salary plus a percentage. The F&I person who received the $127,000 high earned exactly double the next highest-paid F&I salesperson. Δ



C8950-Z

RV BUSI ESS

JUNE 25, 1990

TLE1 20814 069100 3DG
*C 9007 958 BGL
JEANNE LONG
ACQ EDITOR
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

Major Firms See Sales Recovery

After spending much of 1989 fighting a downward trend in sales, spokesmen for several major manufacturers are saying that 1990 spring sales, while far from robust, marked a turn for the better. Prospects now are for improved growth this summer, leading into a strong 1991, they agreed.

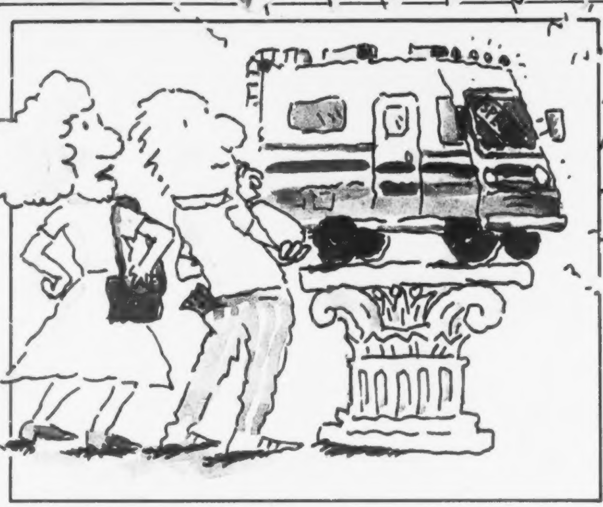
"We are upbeat about the May-through-July quarter," announced J. Patrick Kerich, chairman and chief executive officer of Mallard Coach Co., Nappanee, Ind. "We think our motorized shipments will be up at least 10% compared with the same period of 1989."

Kerich said he based that optimism on February-through-April sales, which started weak and finished relatively strong. In contrast, the February-through-April period of 1989 started strong and finished weak, he noted.

Similarly upbeat, Gulf Stream Coach Inc., Nappanee, Ind., experienced a dramatic increase in sales despite the soft market earlier this year, according to Kip Wellin, national sales manager. Gulf Stream travel-trailer and fifth-wheel shipments increased 68% in January and February compared with the first two months of last year, while industrywide travel-trailer shipments increased only 2%, and nationwide fifth-wheel shipments were up 4% over the first two months of '89. Also, Gulf Stream's Class C motorhome shipments increased 31% in January and February, while Class C shipments industrywide declined over 20% compared with last year's tally.

"Our growth comes from

continued on page 12



CONSUMER VIEWPOINTS: With 1990 off to a slow start and wary consumers bargaining hard, RVB decided to take the pulse of the market with an informal survey of RV shoppers in four key markets.

Funding Snag Threatens Opening Of RVIA Tech School in Indiana

RVIA's National RV Technical Institute (NRVTI) has hit a funding roadblock at its Elkhart, Ind., pilot site—a roadblock large enough to threaten the scheduled fall opening of the school in the nation's RV-manufacturing heartland.

An angry Bill Reiber, RVIA director of education in charge of developing the NRVTI program, explained that RVIA chose to locate one of its pilot instructional sites at Elkhart's Indiana Vocational Technical College-Northcentral (Ivy Tech) because it assumed that state funds would provide for a full-time instructor and renovation of space into a classroom/shop area.

Now it looks as if that funding may not be forthcoming. At the local NRVTI advisory board's May 10 meeting, members were informed by Ivy Tech regional Vice President-Chancellor Carl Lutz that he can provide less than half the funds needed for a $30,000-a-year instructor and classroom renovation. Lutz's regional budget covers five state vocational schools, including Elkhart's Ivy Tech.

Lutz explained that money for a full-time instructor will not be available until 1991, since the RV-mechanic curriculum for a two-year associate-degree program must first be approved by the state Commission for Higher Education to qualify for funding. Lutz also said that although he can request funding from Ivy Tech officials in Indianapolis, Ind., for the needed classroom renovation, he cannot guarantee that money will be approved.

Lutz did offer temporary classroom space at Ivy Tech. But, because of the technical school's program format, Reiber and other RV officials remained adamant that Ivy Tech should pay for an instructor, do some promotion of the program and provide a permanent instruction space.

Reiber said RVIA would pull its support for the school in Elkhart if local RV builders are

continued on page 14

7 Indiana-Japan Trade Pact May Aid RV Exports

7 Higher Diesel Engine Prices Seen for '91

8 Ford, Chrysler Upgrade Truck Tow Ratings

8 Atlantic Products Buys BMC Inc.

9 Fleetwood Has Strong Earnings In Weak Market

9 102-Inch-Wide Fivers Offered By More Firms

10 President, 2 Top Execs Quit At Mallard Coach

11 Oshkosh Opens New Chassis Plant

11 Venture Capital Fuels Canada Distributor

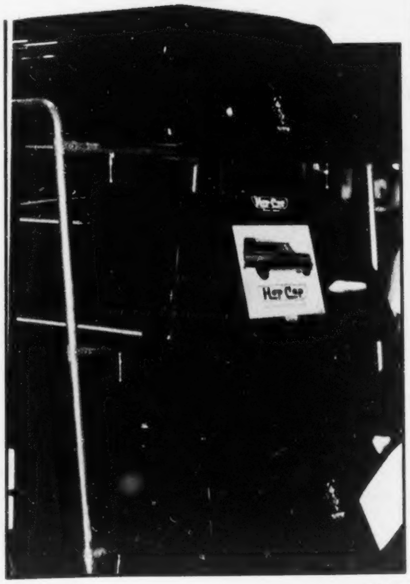
13 Elkhart County Boosts Share of RV Manufacturing

13 Air-Conditioning, Refrigerator Firms Cite CFC Problems

RV BUSINESS

VOLUME 41, NUMBER 6 JUNE 25, 1990 TWO DOLLARS

16



25

COVER ILLUSTRATION: ABE GURVIN

NEWS AND TRENDS

Industry News 7
RV People 16
At Retail 19
RVIA Shipments 22
Blue Chip Consensus 24

FEATURES

Truck Caps Seek Top Image 25

Truck-cap manufacturers, suppliers and dealers are joining in a new association to increase their market penetration and industry professionalism, as exemplified by the unexpectedly high attendance at the first national truck-cap trade show this year.

Consumer Viewpoints 33

With the 1990 market off to a slow start and RV consumers bargaining harder than ever, every bit of intelligence about buying attitudes comes in handy. So, RVB conducted an informal survey of RV shoppers in four key market areas.

DEPARTMENTS

Dealer Concept 41
Marketing 44
Calendar 46
In Brief 47
Profitmakers 50
Classified Advertising 52
Index to Advertisers 53
Readers' Forum 53
Commentary 54

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

MARKETING

Survey Shows Reps' Product Picks Stress Salability, Reputation

The majority of independent representatives choose product lines based on their salability, the reputation of the company, the commission arrangement and a line's compatibility with other lines, according to a copyrighted survey, "How to Get and Keep Good Product Lines," by Lavin Associates, Cheshire, Conn.

Representatives are less concerned with whether lines are competitive, or whether they get a fair contract. A manufacturer's good credit rating, good business philosophy, or effective sales aids also got lower marks than factors like product salability from the 51 independent representatives who replied to Lavin's survey.

The companies who responded averaged 5.9 employees, represented an average of 11.7 product lines and had been in business an average of 24.3 years. Sixty percent were electric/electronic representatives, and the remainder were from assorted industries. Δ

HOW DO SALES REPS WEIGH FACTORS IN EVALUATING A PROSPECTIVE PRODUCT LINE?

Factors	Very Important	Important	Not Important
Marketable (Will it sell?)	84.0%	15.7%	–
Ethical (Good reputation)	76.5%	19.6%	4.0%
Equitable (Fair commissions)	64.7%	35.5%	–
Compatible (Fits with present lines)	56.0%	41.2%	20%
Competitive (In pricing, delivery, service)	41.2%	58.8%	–
Protective (Fair contract)	39.2%	60.8%	–
Profitable (Good credit rating)	35.3%	62.7%	2.0%
Progressive (Good business philosophy)	33.3%	60.8%	6.1%
Supportive (Effective selling aide)	33.3%	62.7%	4.0%

MANUFACTURERS

President, Two Top Execs Quit Mallard Coach

The May 1 resignation of Mallard Coach Co. Inc. President Ron Cleland brought to three the number of upper-level executives to have recently announced their departures from Mallard, the nation's No. 4 producer of motorhomes and No. 6 manufacturer of towables.

However, J. Patrick Kerich, the former Skyline Corp. executive who assumed the chairmanship of Mallard last October, told *RV Business* that the resignations of Cleland, 43; Ron Dickeson, 43, formerly vice president and general manager; and A.J. Paul, 47, former chief financial officer, were not indicative of any major "changing of the guard" at the Nappanee, Ind.-based RV maker.

"That really isn't the case because we have a strong core of experienced, committed people who are dedicated to moving Mallard successfully into the future," Kerich said. "Ron Cleland retired after many good years with the company. It was his decision, made after considerable deliberation. According to Ron, it's been on his mind for a number of years."

Kerich added there were no immediate plans to fill Cleland's slot. "We're not going to make any moves. Jack Nicholson is our executive vice president, and he will continue in that role and will be responsible for operations. And I will continue in my role as CEO, chairman and treasurer," he said.

Cleland, who was unavailable for comment, had been with Mallard since 1982 and had played a pivotal role in Mallard's rapid emergence as a publicly held Indiana company with annual sales exceeding $190 million. Cleland reportedly plans an extended vacation before his next career move.

Prior to Cleland's departure, Dickeson had left to become vice president of sales and marketing for Damon Corp., Elkhart, Ind., and Paul had resigned to pursue "local business interests," according to Kerich. While Dickeson's position has not been filled, Kerich said Paul has been replaced by Gerald K. Pilmore, 45, who was most recently chief financial officer for Mutual Savings Bank, Bay City, Mich., and is a former board chairman of Elkhart's Banc One. Δ – *Sherman Goldenberg*

FLEETWOOD *from page 9*

to lower-priced products," Marriner said, "which we introduced at the Louisville show last December. And these products have been very well-received, as have our previously introduced Flair Class A motorhome and recently redesigned Bounder motorhome. . That is what I think has carried us through the fourth quarter. In addition, a fairly strong manufactured-housing industry has played a role."

Robert Curran, an analyst with New York-based Merrill Lynch Capital Markets, said there was no single reason for Fleetwood's continued strength. Popular new products, acceptable refinements to existing products and a "full-coverage" dealer network all had an effect, Currin pointed out.

"There are some companies having problems of one sort or another, and that creates opportunity for other companies," Currin added. "And I think Fleetwood was one of the companies that has capitalized on that, although I don't think their success has simply been at the expense of companies that have problems." Δ – *Sherman Goldenberg*

MARKETING

Report Details Auto Aftermarket Distribution Channels

A recently published fourth edition of *The Retail Distribution of Automotive Products* reveals that although the past 10 years has seen a high rate of merger and acquisition activity in the automotive-retail industry, the total number of outlets handling automotive products has not changed significantly.

Commenting on the relative stability of auto-product outlets (see figure), Donald A. Droesch, vice chairman of the Foundation for Aftermarket Industry Research (FAIR), which conducted the aftermarket research, said, "The significant changes that we found have been in the distribution channels" to those retail outlets.

FAIR was established in 1980 by the Automotive Parts & Accessories Association (APAA) to conduct professional and scientific research and surveys on products in the automotive aftermarket. Based in Maryland, just outside of Washington, D.C., APAA has 2,000 members and serves as a primary resource for the automotive-aftermarket industry. Droesch also heads the APAA's market-research committee.

The new edition contains more detail than previous reports, including the number of chain vs. independent outlets in all categories and, for the first time, counts of quick-lube shops and convenience stores. Data from all four editions of the study also have been compiled and charted in easy-to-use, 10-year trend tables and graphs.

The cost of the 286-page aftermarket guide is considered a tax-deductible contribution to FAIR, added Droesch. The cost to APAA members is $1,450; for nonmembers, it is $1,650. The study is available from APAA, 5100 Forbes Blvd., Lanham, Md. 20706. Δ

NUMBER OF ESTABLISHMENTS HANDLING AUTOMOTIVE PRODUCTS
(in thousands)

Type of Outlet	1980	1983	1986	1989
Traditional	65.6	71.5	71.9	69.9
Service	317.6	313.1	290.7	294.3
Mass Market	130.3	133.1	140.6	148.5
TOTAL OUTLETS	521.7	518.7	507.3	523.8

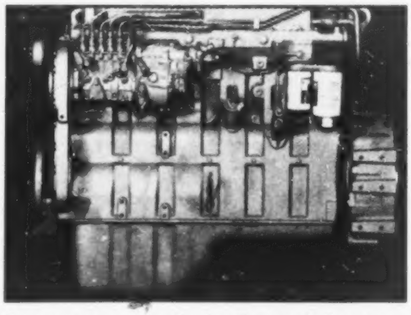
Traditional Outlet = Auto supply / Tire / Jobber
Service Outlet = Car dealer / Service station / Specialty repair / General repair
Mass Market = Discount / Department / Hardware / Food / Drug / Variety

---

DIESEL ENGINE *from page 7*

use engines like Detroit Diesel's 8.2-liter, Caterpillar Engine's 3298T and Cummins' 6CTA 8.3-liter.

In order to meet the new standards, Detroit Diesel, which has begun supplying some 8.2-liter diesel engines to Winnebago Industries Inc., Forest City, Iowa, plans to phase out that engine by the end of this year and replace it with a new 210-horsepower, six-cylinder engine produced by Perkins Engines, a division of Varity Corp., Toronto, Ontario, Canada. Detroit Diesel will sell and service the Perkins engine under its own name, according to a company official.



New emissions standards affect motorhome engines like the Cummins 6CTA 8.3 liter.

Other manufacturers, like Cummins Engine, Columbus, Ind., and Caterpillar Inc., Peoria, Ill., are using more sophisticated electronic controls to enable their engines to meet the 1991 standards. As a result, prices of their engines also are expected to increase by more than $500, say several analysts.

Overall, the price hikes likely will mean a setback for the small but growing popularity of diesels in the RV market. However, as one analyst pointed out, the standards affect only diesel engines produced after Jan. 1, 1991, so that vehicle manufacturers can stockpile some engines built this year and install them in pickups and motorhomes produced after January to provide a short-term hedge against the higher prices. Δ—*Craig Polisky*

RECOVERY *from cover*

signing up new dealers and strong retail sales for Class C's," Wellin said. "We have some dealer incentive programs that helped, but we made up for that with higher volume."

Still, Wellin did not assume that this year would be easygoing for RV makers, characterizing this spring's towable market as only "fair," the Class A market as "tough," and the Class C market as "fair-to-good."

The largest company in the industry, Fleetwood Enterprises Inc., Riverside, Calif., sounded a similar note of cautious optimism. Although Fleetwood reported a sales decline during the February-through-April period compared with its record-setting sales in the spring of 1989, officials look forward to improvement this quarter and in 1991.

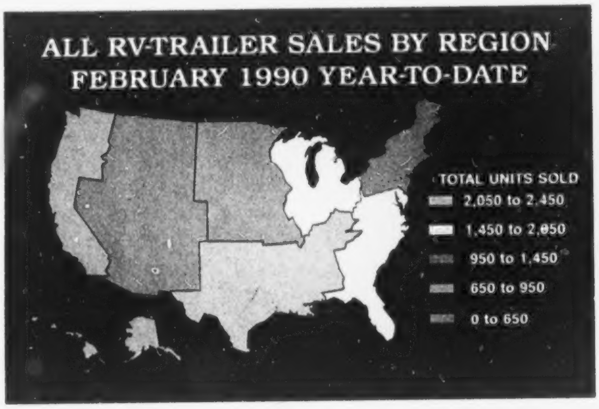
"We will do better in the May-through-July quarter than we did in the February-through-April quarter," said Elden L. Smith, senior vice president of Fleetwood's Recreational Vehicle Group. "We feel fairly comfortable. Our reading of the industry in 1990 is that both towables and motorized will be off by equal amounts (because wholesale deliveries of towables slowed after February)," Smith said. "I think 1991 will then be stronger than 1990."

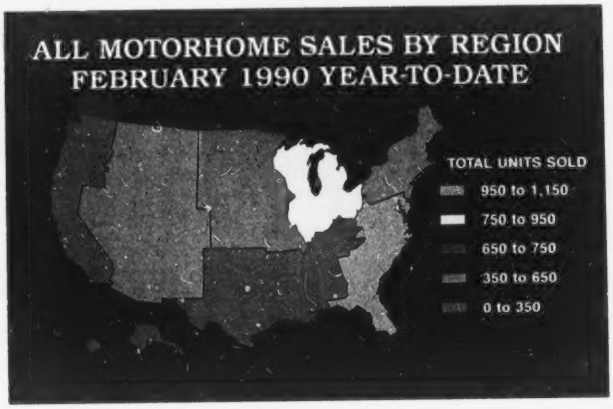
Meanwhile, Phillip G. Lux, president and chief operating officer of Coachmen Industries Inc., Elkhart, Ind., predicted during Coachmen's annual shareholders' meeting in May that "the market won't improve much in the next six months. The consumer is less confident in the economy than a year ago."

However, Lux joined other major manufacturers in predicting continued improvement into 1991. "We probably will have a sluggish 1990 selling season, with a gradual turnaround heading into a significantly stronger 1991," he forecast. "Wholesale shipments should follow retail for the remainder of 1990, and when the market turns, there will be a lot of pipeline-filling." Δ—*Jeff Kurowski*

FEBRUARY FINDS TRAILERS UP, MOTORHOMES DOWN

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

By the end of February, the RV-trailer market was up 1.04% in retail sales compared with the first two months of 1989, while the motorhome market was down 9.2% for the year-to-date. However, it must be noted that 1990 retail-sales numbers are no longer available from the state of California, so all comparisons are based on figures from which California data has been deleted.

RV-trailer sales for February were up by 537 units, or 10.1%, over February 1989. Figure 1 shows the regional rankings based on the percent of change in trailer sales in February 1990 compared with February 1989. The South Central region topped the rankings, and, within that region, Alabama reported the largest percentage gain. The South Atlantic region came in last place, and Maryland experienced the largest decline among the states in the region.

For the year-to-date, RV-trailer sales were up by 100 units, or 1.04%, in February compared with the same two-month period of 1989. Figure 2 lists the seven national regions by their year-to-date percentage change in trailer sales compared with the first two months of 1989. In the top-ranked South Central region, Alabama had the largest gain. The West North Central region trailed the pack, with North Dakota recording the largest percent decline.

Meanwhile, the motorhome market declined by 392 units, or 12.8%, in February compared with the same month last year. Figure 3 is a regional ranking by percent of change in motorhome sales for February 1990 compared with February 1989. The Pacific region held the No. 1 spot in percent gain in motorhome sales for February, and Washington state reported the largest increase in the region. In the bottom-ranked Northeast region, Maine had the largest percentage decline for the month.

For the year-to-date, the motorhome-sales figure fell by 491 units, or 9.2%, com-

RV TRAILERS, FEB. '90

Feb. '90 Rank	Region	% of Change From Feb. '89	Jan. '90 Rank
1	S. Central	51.7	1
2	Pacific	43.5	3
3	W.N. Central	15.3	6
4	Mountain	8.0	4
5	E.N. Central	4.9	7
6	Northeast	.3	5
7	S. Atlantic	–15.2	2

Figure 1

RV TRAILERS, YEAR-TO-DATE

Feb. '90 Rank	Region	% of Change Year-to-Date	Jan. '90 Rank
1	S. Central	32.0	1
2	Pacific	19.8	3
3	Mountain	– 4.8	4
4	S. Atlantic	– 7.0	2
5	Northeast	– 8.0	5
6	E.N. Central	– 9.2	7
7	W.N. Central	–13.0	6

Figure 2

MOTORHOMES, FEB. '90

Feb. '90 Rank	Region	% of Change From Feb. '89	Jan. '90 Rank
1	Pacific	17.2	4
2	S. Central	– 7.3	2
3	E.N. Central	–11.3	7
4	W.N. Central	–13.0	5
5	Mountain	–18.2	3
6	S. Atlantic	–20.4	1
7	Northeast	–25.0	6

Figure 3

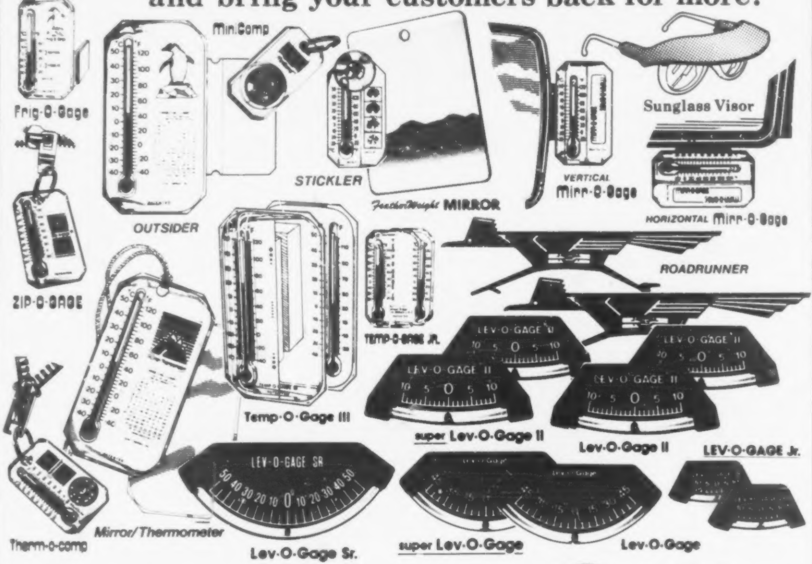
MOTORHOMES, YEAR-TO-DATE

Feb. '90 Rank	Region	% of Change Year-to-Date	Jan. '90 Rank
1	Pacific	19.1	4
2	S. Central	– .1	2
3	S. Atlantic	– 6.4	1
4	Mountain	– 8.8	3
5	W.N. Central	–10.6	5
6	E.N. Central	–22.8	7
7	Northeast	–25.3	6

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

Here are 20 Good Reasons
for Stocking All of Sun's
Popular Profit Makers:
20 quality products that turn over fast
and bring your customers back for more!


Frig-O-Gage
MiniComp
STICKLER
Featherweight MIRROR
VERTICAL Mirr-O-Gage
Sunglass Visor
HORIZONTAL Mirr-O-Gage
OUTSIDER
ROADRUNNER
ZIP-O-GAGE
Temp-O-Gage Jr.
Temp-O-Gage III
super Lev-O-Gage II
Lev-O-Gage II
LEV-O-GAGE Jr.
Mirror/Thermometer
Therm-o-comp
Lev-O-Gage Sr.
super Lev-O-Gage
Lev-O-Gage

Call your favorite RV Distributor today.
You have 20 Good Reasons!

SUN

14025 West 66th Avenue
Arvada, CO 80004 U.S.A.
Toll Free: 800-441-0132
Fax: 303-467-1104

pared with the first two months of 1989. Figure 4 details the regional rankings based on the percentage change in motorhome sales during the first two months of 1990 compared with January and February of 1989. The Pacific region led the pack, with Washington state reporting the largest percentage increase. In the last-place Northeast, Maine experienced the largest decline for the year-to-date.

The RV-trailer market was off to a good start for 1990.

Overall, the RV-trailer market was off to a good start for 1990, but the motorhome market was slower off the mark. If the data-availability problems in California are solved, we will be able to give a more complete analysis of the market. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

Duo-Deck
By
GranVille®

Quality
Is Our
First
Priority

5 year
50,000 mile
warranty on
chassis and
motorhome

- Largest capacity fresh water and holding tanks, heated and lighted
- Dual steel frame and laminated floors, unparalleled construction
- Best floor plans available
- Spacious living areas
- Very competitive pricing
- Scratch-resistant exteriors Beautiful automotive paint, not tape!

Non-basement models also available.
Product branded in Canada as Bonair by GranVille.

See The New Class A & C
1990 DEBONAIR and
MEADOWBROOK Models

GranVille Industries, Inc.
P.O. Box 2088 • Elkhart, IN 46515
(219) 294-6437

MARCH SHIPMENTS HAVE A SPRING IN THEIR STEP

MORTON J. MARCUS

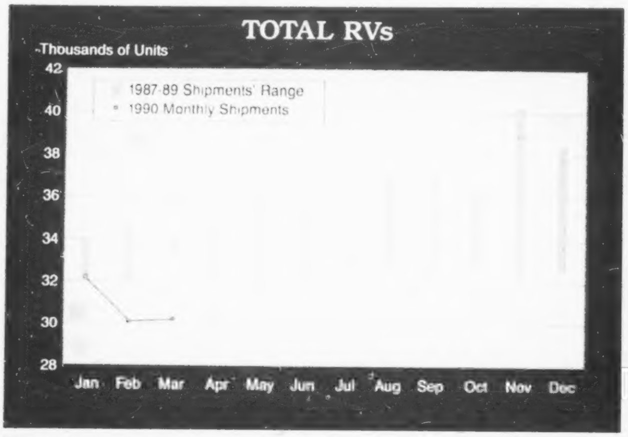


Figure 1

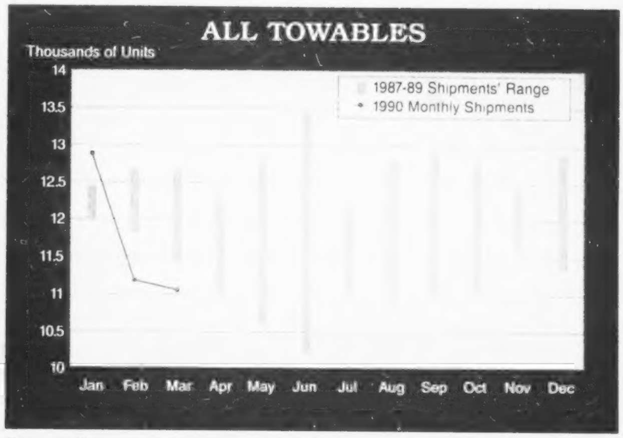


Figure 2

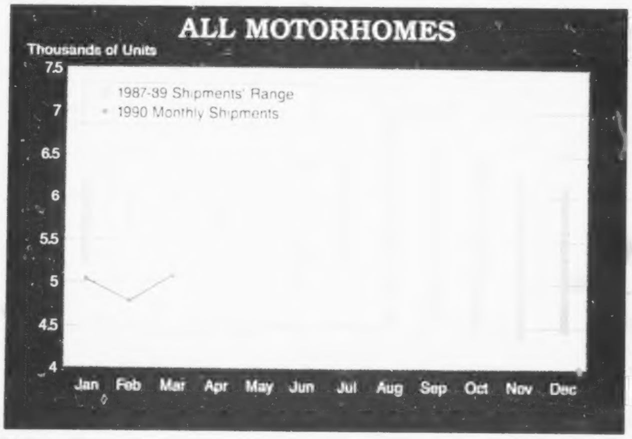


Figure 3

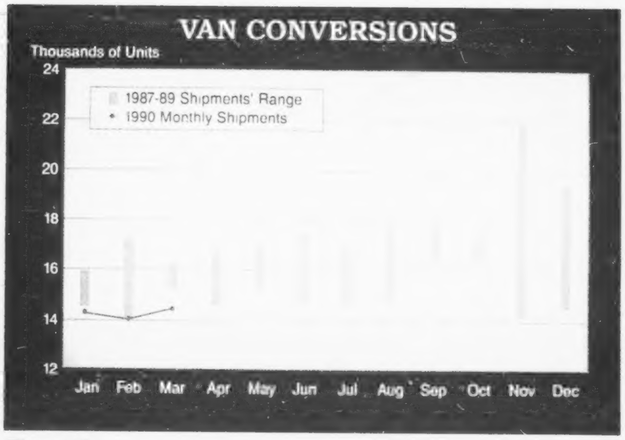


Figure 4

The downward slide of the past few months was arrested in March. Total shipments, for the first time since last November, gave evidence of a slight upward tendency.

GRAPHICS: CUSTOM COLOR VISUALS

RVIA SHIPMENTS

Spring is a season of regeneration and growth, a time when the first tentative buds emerge and baseball memories are revived. March shipment data from RVIA were part of that upbeat mood.

The hopeful spring message is not immediately obvious from the depiction of shipments in Figures 1 through 4, but these graphs do tell a positive story.

For all RVs, for towables, for motorhomes and for van conversions, March shipments, as reported by RVIA and adjusted for normal seasonal patterns, were below their three-year ranges for the month. March's total shipment figures fell below the worst performance of every month in the past three years—*except* for February 1990.

And that is the happy ending: The downward slide of the past few months was arrested in March. Total shipments, for the first time since last November, gave evidence of a slight upward tendency.

Good News for Motorized

The only sector that did not show a turnaround in March was towables. Figure 2 indicates that towables were declining in March.

At 11,030 units, shipments of towables would have been respectable if that performance had been turned in for any month from April through October in the period 1987-1989. But as a March tally, towable shipments did not measure up to even the weakest March of that period, even though towables fell less than 4% below the bottom of the monthly range in Figure 2.

Motorhomes did better. With 5,080 units shipped in March, motorhomes were at their highest point since last July. Although still below their three-year range and still 11% behind March 1989, these units may have turned the corner.

In March, van conversions also had their best month for the first quarter of 1990. Although 11% behind the same month a year ago, van-conversion shipments came in 2% ahead of February 1990 levels.

Bucking the Trend

Clearly, March shipments switched directions compared with the first two months of 1990: In March, towables were headed down, while motorhomes and van conversions were recovering. Yet, for the year-to-date, towables still emerged with the best record. Figure 5 indicates this by showing how towables gained 3.14 points in market share, while motorhomes lost 1.03 points, and van conversions lost 2.11 points.

PERCENT MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation)

	1990	1989
TOTAL RVs	100.00	100.00
Travel Trailers:	25.54	23.09
Conventional	14.87	13.47
Park Models	1.93	1.95
Fifth-wheels	8.75	7.68
Folding Camping Trailers	9.56	9.04
Truck Campers	2.67	2.51
TOTAL TOWABLES	37.78	34.64
Motorhomes:		
Class A	8.99	9.60
Class B Van Campers	1.61	1.25
Class C:	5.45	6.22
Minis	4.11	5.24
Low Profiles	0.24	0.40
Micro-minis	1.10	0.59
TOTAL MOTORHOMES	21.50	23.30
Multiuse Van Conversions	46.17	48.28

Percentages may not add to total because of rounding.

Figure 5

The way in which March bucked the tendency of the first quarter is seen even more clearly in Figure 6. Motorhomes as a group were up 5.7% from the previous month but still ran 14.5% behind the first quarter of 1989. Van conversions were up 2.2% for the month but were down 13% for the year-to-date.

Year-to-date Van Shortfall

As a result, for the year-to-date, there was a 9% shortfall in total shipments compared with the first three months of 1989, which was largely due to the deficiency in the van-conversion market. Although conversions accounted for 46% of the total market, they equaled nearly 70% of the difference between the shipments of the first quarter of 1989 and those for the same period of 1990. If van conversions were deleted from the industry total as of March, shipments would have been off by only 5.3% from last year, rather than 9%.

Indeed, looking at the market in more detail, improved performances were delivered by conventional travel trailers, park models and folding camping trailers in March. Also showing signs of better times were all three classes of motorhomes and van conversions. The evidence of those turnarounds is seen in Figure 6, where the monthly percent change for March is a stronger value than the percent change for the year-to-date for each of the above RV types.

Only truck campers and two Class C types (micro-minis and low-profiles) had lower marginal (meaning monthly) percent changes than the average percent change for the year-to-date.

In the words of the business reporters who populate our nightly television screens, the "tick was positive"—meaning that the latest observations from the marketplace were favorable. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

Type of Units	Mar '90	Change From Feb '90 Number	Change From Feb '90 %	Year-to-Date 1990	Year-to-Date 1989	Change Number	Change %
TOTAL RVs	**30,580**	**440**	**1.4**	**92,920**	**102,080**	**- 9,160**	**- 9.0**
Travel Trailers:	7,770	60	0.7	23,730	23,570	160	0.7
Conventional	4,470	50	1.1	13,810	13,750	70	0.5
Park Models	650	50	9.3	1,790	1,990	- 190	- 9.8
Fifth-wheels	2,650	- 50	- 1.7	8,130	7,840	290	3.7
Folding Camping Trailers	2,520	- 90	- 2.5	8,890	9,230	- 340	- 3.7
Truck Campers	740	- 130	- 14.8	2,480	2,560	- 80	- 3.1
TOTAL TOWABLES	**11,030**	**- 160**	**- 1.3**	**35,100**	**35,360**	**- 250**	**- 0.7**
Motorhomes:							
Class A	2,890	220	7.8	8,350	9,800	- 1,450	- 14.8
Class B Van Campers	580	150	30.9	1,500	1,280	220	17.1
Class C:	1,610	- 80	- 4.6	5,060	6,350	- 1,290	- 20.3
-Minis	1,290	0	0.0	3,820	5,350	- 1,520	- 28.5
-Low Profiles	0	- 80	- 100.0	220	410	- 190	- 46.0
-Micro-minis	320	- 10	- 2.6	1,020	600	420	70.2
TOTAL MOTORHOMES	**5,080**	**290**	**5.7**	**14,910**	**17,430**	**- 2,520**	**- 14.5**
Multiuse Van Conversions	14,470	320	2.2	42,900	49,280	- 6,380	- 13.0

Note: Data rounded to nearest 10 units.

Figure 6

C8950-Z

RV BUSINESS

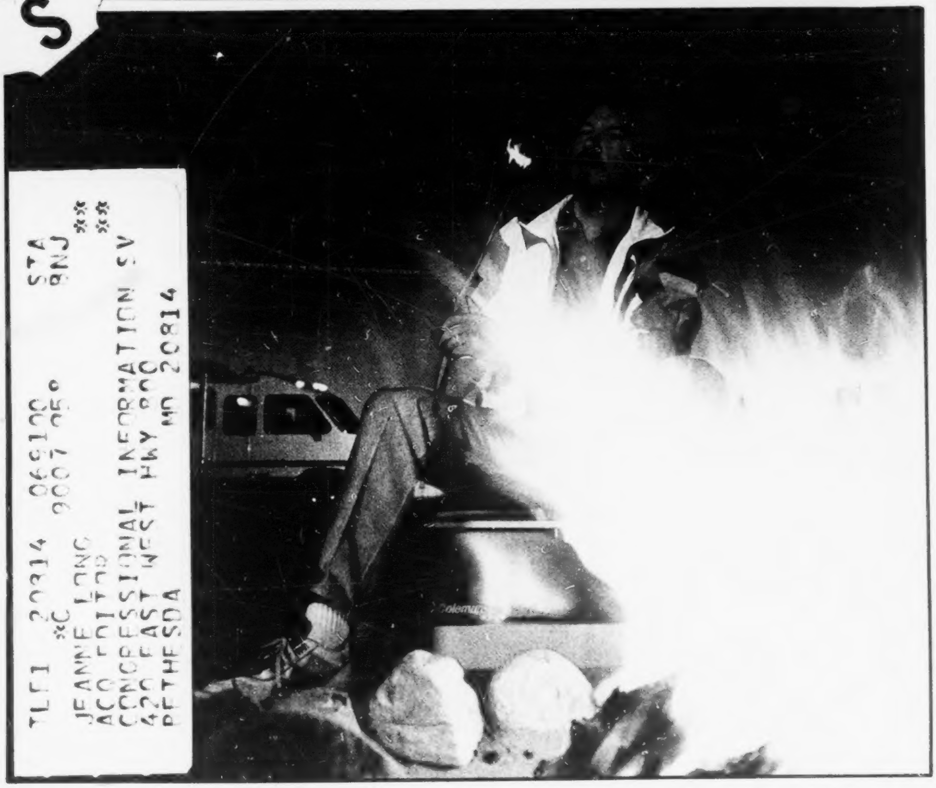
JULY 6, 1990

[illegible] 'Today Show' Spotlights RV Lifestyle
[illegible] GM Agrees To Van-Seat Testing Program
7 Gas-Tax Hike Expected
[illegible] RVDA Marks 20th Birthday
8 NHTSA Holds Hearing on Micro Safety
8 Va. Dealers Form Association
9 Chrysler to Offer V-10 Engine in '94 Light Trucks
10 Spartan Reports 30% Increase In Chassis Sales
11 Champion Names Young as New President, CEO
11 Truck-Cap Group Plans Next Show
12 Bill Clarifies Park Trailers' Status as RVs
13 Newcomer Unveils Sunset Towables

BEST COPY AVAILABLE

S

TLF1 20814 069100 STA
*C 9007 05 8NJ
JEANNIE LONG **
ACQ EDITOR
CONGRESSIONAL INFORMATION SV **
4520 EAST WEST HWY 800
BETHESDA MD 20814



WHEN YOU'RE HOT, YOU'RE HOT: Bill Rex of Rexhall Industries strikes an appropriate pose for *Business Week*, which listed Rexhall No. 1 among 100 fastest-growing, publicly traded firms with sales under $150 million.

Rexhall Named No. 1 'Hot Growth' Company

Rexhall Industries Inc.'s ascension to the No. 1 slot in *Business Week* magazine's recent listing of America's "Hot Growth Companies" came as something of a surprise to Bill Rex, founder, president and CEO of the Saugus, Calif., motorhome manufacturer.

Of course, Rex, 39, who got his start on the assembly lines of Dolphin Camper Co., San Fernando, Calif. (now National RV in Perris), was well aware that things had gone pretty well for fledgling Rexhall, which he and his wife started in 1986, using a $150,000 second mortgage to fund the first manufacturing facilities for its Airex brand of Class A motorhomes.

A radius-cornered coach available on both Ford and Chevrolet chassis, the Airex gained ready, if still comparatively small-scale, acceptance as a midpriced entry, selling predominantly on the West Coast. Corporate sales have grown at a stupendous rate—from $5.8 million in 1987 to $17.4 million in 1988 to $34 million in 1989. Rexhall's dealer network, now numbering "80-plus," also has expanded quickly.

An initial $5 million public

continued on page 10

Foreign Rental Market Heats Up

The recent failure of three Canadian motorhome-rental companies, all specializing in international trade, is not an indication of slow demand in the foreign fly/drive rental business, according to current international rental leaders. On the contrary, foreign demand for rental motorhomes to tour the United States and Canada is brisker than ever, and so is the scramble to win a piece of the action.

Top rental firms stress that the real threat to survival for companies in the tough U.S. and Canadian markets is stiff competition in a consolidating mar-

continued on page 13

RV BUSINESS

VOLUME 41, NUMBER 7 JULY 6, 1990 TWO DOLLARS

15

24

Industry News 7
RV People 15
DAB Perspective 16
Quarterly Forecast 20

Top Van Converters Aim High 24

Although total 1990 van-conversion shipments are expected to be flat at best, and price competition continues to be fierce, leading converters project higher sales this year via market-share expansion.

Safety Rules Impact Van Converters 29

Van upfitters are grappling with the cost implications of federal crash-safety regulations going into effect in September 1991. Van-seat testing requirements in particular pose serious challenges for converters and seating suppliers.

Campgrounds for the '90s 38

Private-campground owners predict a continuing trend to year-round, resort-style facilities at the expense of mom-and-pop operations. Higher rates, closer RV-industry cooperation and a higher national profile for campground operators are other trends to look for in the 1990s.

Calendar 44
In Brief 45
Profitmakers 46
Index to Advertisers 47
Classified Advertising 48
Readers' Forum 49
Commentary 50

COVER PHOTO: ALAN LEVENSON

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

DAB PERSPECTIVE

DEALERS REPORT GOOD NEWS BALANCED BAD IN APRIL

GAYLORD MAXWELL

The sales picture for RVB's Dealer Advisory Board (DAB) was about equally split between positives and negatives in April. Although total sales volume for the group of 23 dealers was down by 5% compared with April 1989, 11 (almost half) of the group were up, and 12 were down.

Three RV types (motorhomes, truck campers and folding trailers) were down in total new-unit sales compared with April 1989, but two (travel trailers and fifth-wheels) were up. For used units, two types (travel trailers and truck campers) showed increases over April of last year, while three types declined in unit sales (motorhomes, folding trailers and fifth wheels).

In terms of profits, the picture wasn't bad at all. Grosses were generally rated good or fair. Bottom-line ratings were mixed – ranging all the way from poor to excellent. Used units brought grosses that dealers rated as good to excellent. The service-and-accessory business was very good, too, with ratings of good to excellent.

New inventories were running a bit on the high side in April. Six DAB members reported that their stocks were high, but most others were average. Quite the reverse, stocks of used units tended to be on the low side. Lot traffic was generally rated average to low. The percentage of new buyers was generally rated as low.

Year-to-date, the total sales-volume figure was down 10% for the DAB. Total new-unit sales were off by 5%, and used were down by 7%. In individual sales volume, 12 dealers were down, while 11 were up.

Although it certainly isn't the best of times, neither is it the worst. Some small dealerships are down; others are up. While some medium-size dealerships have been doing a superb job this year, others are suffering. Some of the giants are setting new records; others are significantly down. Geographically, the picture is the same. It seems more often now that it's *how* an individual dealer manages his business that determines his success or failure, rather than regional economic conditions.

Motorhomes

There's no question about it, the market for new motorhomes has been soft. Thirteen of the 19 DAB members who stock them were off the pace from last year in new units – including all but one of the large DAB dealerships (which was up by two units). Of the five that reported an increase, three were small dealerships that were up by just a few units. Another dealership that reported increases was a trailer specialist who took on motorhomes and was doing well.

Some dealers said that although unit numbers were down, grosses were good, so they were actually doing well. Used units were moving reasonably well, but the market has been much slower than in the past two or three years.

Grosses on new motorhomes during April were rated as generally good, according to the DAB.

Travel Trailers

It has been a long time since travel-trailer dealers have had it so good. New-unit sales were up by a whopping 30% for the month. Fourteen of the 20 DAB dealers who stock them were up in April; four were the same, and two were down. Used sales weren't quite as strong, but they were still up.

Not only were sales up, but grosses were strong. Used profits were also good.

Year-to-date, new units were 18% ahead of last year. Most dealers were up. A positive trend seems pretty obvious.

Truck Campers

For the fourth month this year, new-camper sales were down from those for the corresponding month last year. All three of the major camper dealers on the DAB were off the mark. Used units did much better, but unit sales were few in number. Profits were rated good to excellent.

Year-to-date, new campers were down

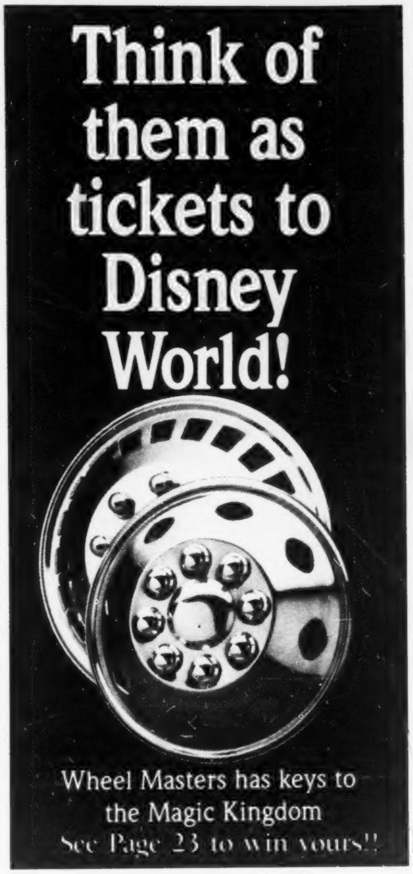
	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	APRIL 1990	APRIL 1989	% CHANGE	1990	1989	% CHANGE	APRIL 1990	APRIL 1989	% CHANGE	1990	1989	% CHANGE
MOTORHOMES	146	183	−20	548	672	−18	175	188	− 7	610	691	−12
TRAVEL TRAILERS	144	113	+31	472	401	+18	140	130	+ 8	401	392	+ 2
TRUCK CAMPERS	37	47	−21	96	123	−22	20	19	+ 5	71	60	+18
CAMPING TRAILERS	92	136	−32	402	431	− 7	40	44	− 9	98	124	−21
FIFTH-WHEELS	67	59	+14	203	176	+15	26	30	−13	106	108	− 2

	FOR MONTH			YEAR-TO-DATE		
	APRIL 1990	APRIL 1989	% CHANGE	1990	1989	% CHANGE
SALES VOLUME	$16,591,000	$17,541,000	− 5	$56,461,000	$62,757,000	−10
TOTAL UNIT SALES	889	955	− 7	1,285	1,387	− 7
NEW-UNIT SALES	488	540	−10	1,720	1,803	− 5
USED-UNIT SALES	401	415	− 3	1,285	1,387	− 7

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **David McMann,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Robert Jensen,** Layton, Utah; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Delores McNally,** Portland, Ore.; **Annette Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.



Think of them as tickets to Disney World!

Wheel Masters has keys to the Magic Kingdom
See Page 23 to win yours!!

DAB PERSPECTIVE *continued*

22%, but used units were up almost as much. One large camper dealer said he can't get enough good used units.

Camping Trailers

The year has not been shaping up well for dealers of this RV type. Sales of new units were off almost a third in April. Most of the dealers who get the big numbers in fold-downs were down from last April. Used units did much better, but they were still in the minus column. Profit ratings tended to be on the weak side – generally fair to good.

Year-to-date, the picture wasn't so bad. Although new-unit sales were down, the figure was quite small. There's still time for a recovery for the year.

Fifth-wheels

New-unit sales were up in April. Several smaller dealerships found the "hot button" and racked up some impressive gains. However, most of the major fifth-wheel dealers were down by a couple of units or so; used sales were off. Grosses were rated generally good.

Year-to-date, fivers were running ahead of last year in new units and slightly behind in used. The outlook for fivers is good. Δ

FOLDS TO 4"FLAT!

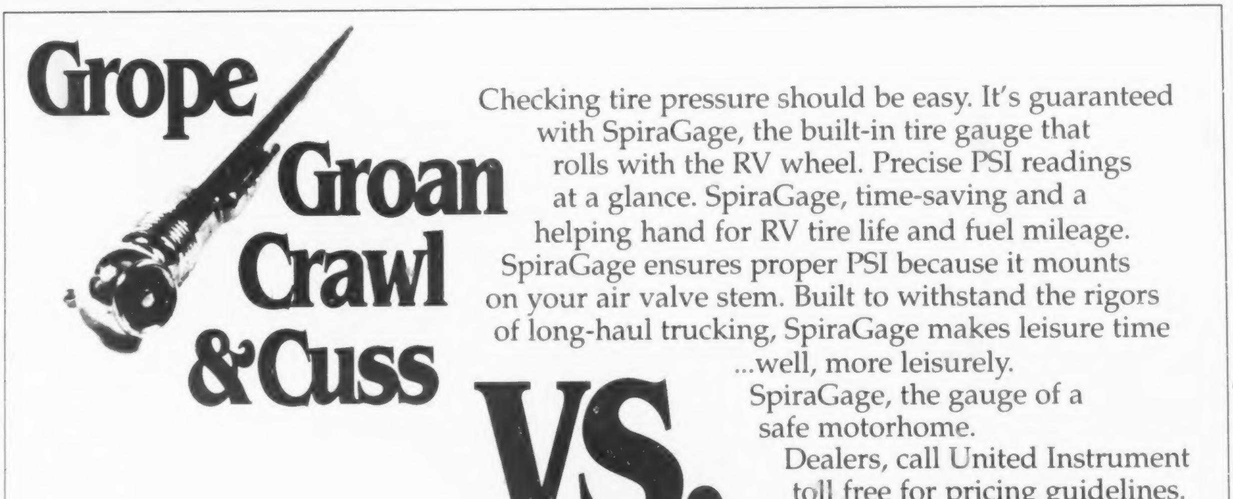
The One You've Come To Trust!

Folding PORTA-BOTE ®

8' - 10' - 12' LENGTHS

- Over 10 Years In Production
- Time Proven Safety Hinge
- Fits On Side Or Top Of Your RV
- Ends Towing Forever
- Exclusive 10 Year Hull Warranty
- A Boater's Dream Come True!

The World's Most Portable Boat!©
Sets up in 2 minutes...For the Good Times!
At your local dealer or write:
PORTA-BOTE INTERNATIONAL,
1074 Independence Ave., Mountain View, CA 94043
RVB7-1 1-(800) 227-8882
In CA 1-(415) 961-5334



Grope Groan Crawl & Cuss VS. Just a Glance

Checking tire pressure should be easy. It's guaranteed with SpiraGage, the built-in tire gauge that rolls with the RV wheel. Precise PSI readings at a glance. SpiraGage, time-saving and a helping hand for RV tire life and fuel mileage. SpiraGage ensures proper PSI because it mounts on your air valve stem. Built to withstand the rigors of long-haul trucking, SpiraGage makes leisure time ...well, more leisurely. SpiraGage, the gauge of a safe motorhome. Dealers, call United Instrument toll free for pricing guidelines.

"...with SpiraGage, checking tire pressure can be as simple as walking around the motorhome."
Bones Evers,
Contributing Editor
MotorHome Magazine

UNITED INSTRUMENT, INC.
800/257-4243 or FAX 503/254-6115
P.O. Box 20626, Portland, OR 97220

1990 LOOKS FAIRLY FLAT

MORTON J. MARCUS

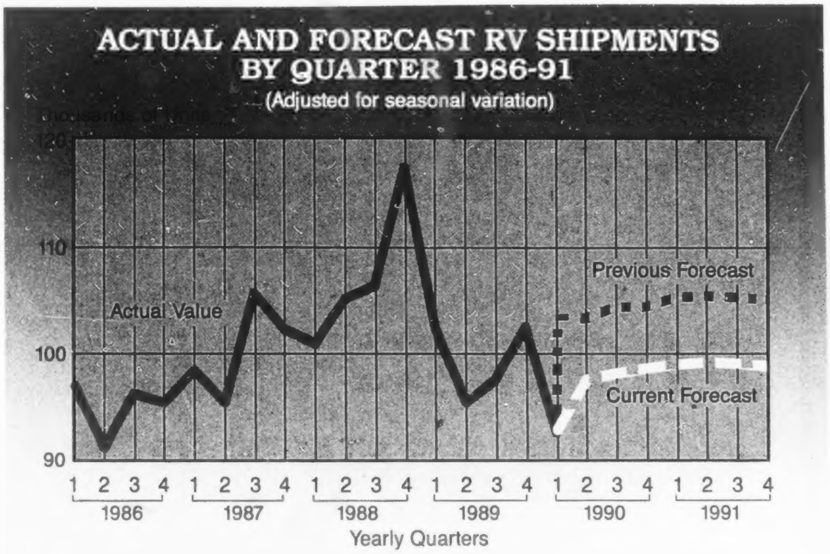


Figure 1

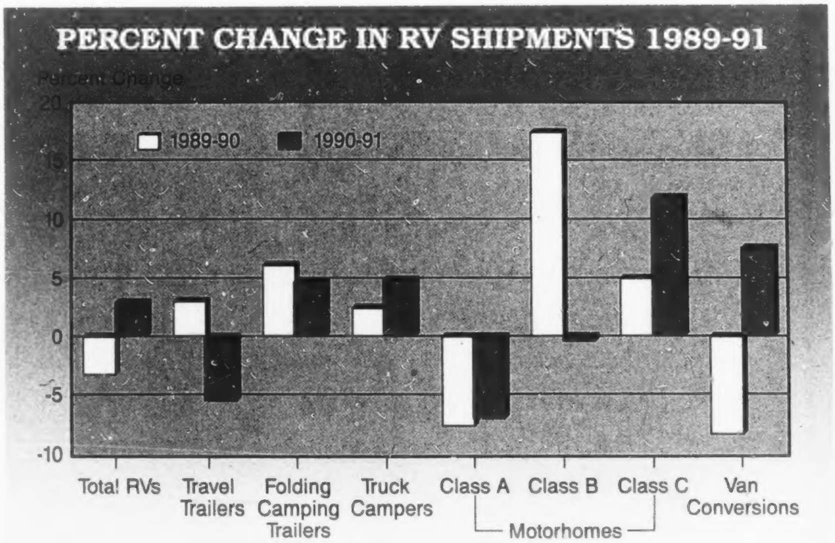


Figure 2

Good weather in January and February, a runoff of auto inventory, and mixed foreign news combined in a most unusual set of circumstances in the first quarter of 1990. The result was a deceptively stronger economic outlook for 1990, which has provided a difficult policy line for the federal government to walk in the year ahead.

In the RV industry, a sharp decline in shipments of van conversions during the first quarter of 1990 threw our last forecast off track. Clearly, we did not anticipate the extent to which Detroit automakers would lay off workers as management tried to work out of the hole it had created.

Other than that, the forecast performed reasonably well. Our last forecast called for 47,900 RV units, less van conversions, to be shipped in the first quarter; actual shipments were 49,900. Thus, the forecast error was 2,000 units, or 4%. Motorhomes were 1,300 units higher than we had forecast for the first quarter, while towables came in 700 units higher than expected. But van conversions came in at only 42,900 units for the first three months of the year, or a full 12,500 shipments below the level anticipated by our model.

These differences between forecast and reality were in line with the unusual pattern of the first quarter. Warm January and February weather pushed up the construction figures for the quarter, and the national economy looked far better than it was. Auto companies found new ways to move inventories, and companies kept prices in line at the expense of profits and investments.

Inflationary forces are still out there, but foreign competition is keeping them from being fully realized. Unemployment is rising, but not to a level that concerns anyone. Hence, the Federal Reserve Board is likely to focus on inflationary issues as long as the economy skirts the edge of recession without falling into it.

The RV Forecast

Although each remaining quarter of 1990 will be better than the first quarter, the sharp drop in van-conversion shipments in the first three months of this year will result in total 1990 shipments coming in lower than in 1989. Our current, revised forecast for 1990 is 385,200 units, a decline of 3.2%. Almost all of that decline has already occurred, and most of it was due to the slippage by van conversions in the first quarter.

Figure 1 makes it clear that while the total level of the forecast has been lowered, the general shape remains the same: Shipments will rise slowly into 1991 and then level off.

However, the more detailed forecast shown in *Figure 2* shows considerable improvement over the 1990 predictions that were published three months ago. For ex-

GRAPHICS: CUSTOM COLOR VISUALS

ample, travel trailers now are forecast to have nearly a 3% growth rate for the year, whereas we had earlier expected a 2% decline. Why the shift? A strong first quarter for conventional travel-trailer units made the difference.

The same tale can be told about Class A motorhomes, which we now anticipate to decline by 7.7%, about half the rate of decline previously forecast.

It should be pointed out that both travel trailers and Class A motorhomes are more interest-sensitive than other RV types. In the first quarter, interest rates were lower than expected, and this resulted in higher levels of shipments. Since we do not foresee interest rates holding at current levels, both of these types of RVs will face an uphill climb for the balance of the year.

Van conversions and folding camping trailers, by contrast, are particularly sensitive to changes in real disposable income. With heavy auto-related layoffs in the first quarter, both types did poorly. Now that inventories at dealers' lots have been reduced, production has been resumed, and both types should return to better performance levels as the year progresses.

The National Economy

1990 started off by looking good because of good weather and heavy construction in areas of recent natural disasters (California and South Carolina). It would have looked spectacular if the auto industry had not been experiencing one of its periodic "inventory adjustments," caused by Detroit's failure to adjust production to sales before a crisis was reached. Now, the second quarter will look good as the auto and auto-parts workers return to their jobs and normal spending patterns.

Flooding in Texas and Arkansas also will help the numerical picture of the economy. Cleaning up a disaster always boosts gross national product (GNP).

The result of all this activity will be a growth rate of 2.3% in economic activity as measured by the after-inflation adjustment of GNP. *(See Figure 3.)* This 2.3% real growth is much higher than our previous 1.5% growth-rate forecast because of an increase in the outlook for both residential and nonresidential investment. Consumer spending is not affected; it is still expected to grow by 2% in real terms. State and local governments also will be spending more to repair damages of nature. (Much of the cleanup is covered by federal funds, but states and localities will be doing the actual buying of goods and services so it shows up as their spending.)

ANNUAL GROWTH RATES AFTER ADJUSTMENT FOR INFLATION

	1989	1990 — Forecast	1991 — Forecast
Gross National Product	2.9	2.3	1.7
Consumer Spending	2.7	2.0	1.0
Business Investment	3.3	3.7	4.7
Residential Investment	−2.9	0.7	−0.1
Exports	11.2	5.4	6.1
Imports	6.1	2.6	3.6
Govt. Purchases			
Federal	2.5	−1.8	−2.7
State & Local	2.8	3.2	1.6

Figure 3

Although the general level of interest rates in 1990 may be below that of 1989 *(see Figure 4)*, we expect the Federal Reserve Board to keep rates from falling any further and for the trend during this year and much of next year to be upward. The overall rise in interest rates is not expected to be great, but the rising trend is necessary to the Fed's fight against a falling dollar and rising worldwide and domestic inflation.

On the international scene, German reunification will be an inflationary force, but one held in check by rising German interest rates. Increased consumer spending in Japan, encouraged by the U.S. and Japanese governments, will reduce Japanese savings and raise their interest rates, too.

At home, to keep funds flowing for the massive American budget deficit *(see Figure 5)* as we bail out the savings and loan industry, domestic interest rates need to rise. And inflationary pressures in the U.S. continue: Unit labor costs persist above the 5% level and put pressure on businesses to raise prices. Foreign competition helps lower prices, but inflation abroad means that foreign firms will be likely to increase their prices in this country, too.

Final Notes

In sum, the factors that affect the RV industry most are not particularly favorable. Interest rates are expected to rise. Real consumer disposable income will grow by less than 2% compared with 4% last year. And motor fuel prices are likely to rise faster than the general rate of consumer prices. *(See Figure 4.)* Together, these elements keep the industry from growing and could, in the latter part of 1991 bring about a slight decline.

This forecast does not take into account any results from the current discussions between the Bush administration and Congress on the federal deficit. After misrepresenting the cost of the S&L bailout to the nation and themselves, these leaders are now trying to find a way to reduce the damage. This can be done by raising taxes or decreasing expenditures.

Neither of these steps can be good for the RV industry in the short run. Higher taxes will cut consumer disposable income, and reduced expenditures will have a comparable effect. Only a massive reduction in the deficit could bring down interest rates – an event which almost certainly requires a recession.

All of this may sound a bit gloomy, but the absence of a strong outlook can often serve as a spur for firms to take aggressive cost-cutting steps to improve productivity and future profits. Other firms work harder on marketing, intent on making the other fellow take the brunt of tight times. The losers are generally the ones who despair and withdraw into a foxhole. Certainly, this forecast of a fairly flat future is not a prediction of disaster; there is no need to seek subterranean shelter. Δ

KEY FACTORS IN THE FORECAST

	1989	1990 – Forecast	1991 – Forecast
Prime Interest Rate (%)	10.9	10.3	11.0
Value of the Dollar (1973 = 100)	98.5	92.8	89.4
Unemployment Rate (%)	5.2	5.4	5.7
% Change at Annual Rates:			
Money Supply (M2)*	3.7	6.0	5.9
Real Disposable Personal Income	4.0	1.9	0.8
Consumer Price Index	4.8	6.2	6.8
Food & Beverages	5.7	7.4	7.7
Motor-Fuel Prices	9.4	7.2	6.0

*M2 consists of the nation's basic money supply of currency, plus demand deposits, plus savings accounts at commercial banks.

Figure 4

ANNUAL TRENDS

	1989	1990 — Forecast	1991 — Forecast
Unit Auto Sales (millions)	9.9	9.5	9.7
Unit Housing Starts (millions)	1.4	1.4	1.3
Federal Budget Deficit (billion $)	148.5	166.0	165.3
% Change in Compensation per Manhours	5.8	5.4	6.4
Produc[illegible]	0.4	0.3	0.2
Unit Labor Costs	5.4	5.1	6.2

(Compensation – Productivity = Unit Labor Costs)

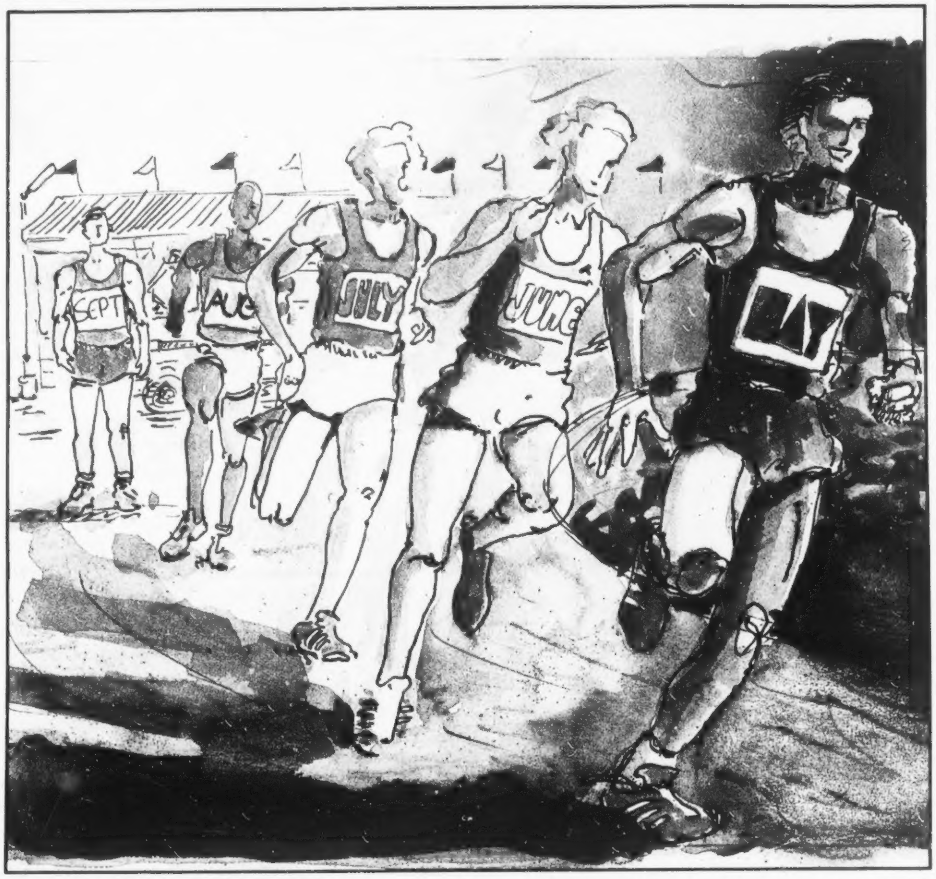
Figure 5

This forecast is a product of the Center for Econometric Model Research at Indiana University, R. Jeffery Green, director. The RV industry forecast was generated by Vinay Kansal; the verbal interpretation of these data, however, is the sole responsibility of the author. TL Enterprises Inc. is one of several private firms that supports the reasearch center and its quarterly forecasting activities.

C 8950-

RV BUS

JULY 20, 1990



THE RACE TO DEBUT NEW MODELS: A recent RVDA newsletter has revived the debate over new model-year introductions during the peak spring and summer sales seasons.

Early Model Debuts Spark Debate

The long-running industry battle over when U.S. RV manufacturers should release new model-year equipment has heated up once more, with this year's first salvo being fired by the president of RVDA, Randy Thompson.

The controversy centers around the fact that, while most manufacturers used to wait until at least August to unveil new units, RV makers now release the bulk of their new lines any time between early spring and the National RV Trade Show in December, with the majority of introductions made in June, July and August. Dealers have said that it is difficult for them to draw down inventories and make new-model purchases when so many new-model introductions are made during the spring and summer, the peak selling seasons.

RVDA President Thompson, who is also owner of Crystal Valley RV, Crystal Lake, Ill., revived

continued on page 12

Elkhart Tech School Delayed

The planned opening of the Elkhart, Ind., site of RVIA's National RV Technical Institute has been officially delayed from August of this year to January 1991, and even that start-up date remains in doubt because of the many difficulties in obtaining adequate funding from Indiana state officials.

Elkhart members of RVIA's NRVTI Advisory Board voted on June 12 to slate the program debut for next January, provided that state funding is forthcoming for classroom improvement and for a full-time teacher

continued on page 10

7 Gulf Stream Offers New Class A's

7 Jayco Unveils Economy-Priced Eagle Series

8 Coachmen Readies Orion for Debut

8 IMHA Starts Boat-Dealer Plan, Studies Future

8 TL Show/Expo Division Sets '91 Show Dates

9 Dutchmen Tactics Win No. 5 Towables Spot

9 GM Revamps RV-Chassis Management

10 Damon Adds Small Bus

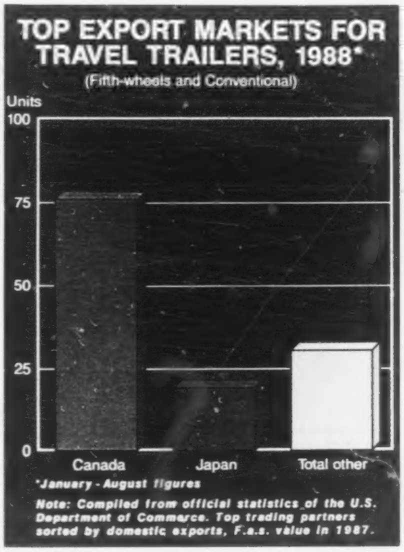
11 Fleetwood Profit Down 22% in Fiscal 1990

11 Thousand Trails Denies Rumors of Financial Woes

13 Apollo/Revcon Plans New Units

RV BUSINESS

VOLUME 41, NUMBER 8 JULY 20, 1990 TWO DOLLARS



36

42

COVER ILLUSTRATION: BILL JAYNES

NEWS AND TRENDS

Industry News 7
RV People 16
RVIA Shipments 19
At Retail 22
Blue Chip Consensus 49

FEATURES

RV Firms Look Overseas 24
Although the total overseas market for American-made RVs is generally estimated to be small, a growing number of manufacturers are attempting to win a niche in Europe and Japan.

Export Opportunities 36
Changing political and economic realities in Japan, in Western and Eastern Europe, and across the border in Canada may mean greater opportunities for foreign sales of U.S. products. Here is a quick overview of key export markets by RV type and of domestic efforts to boost overseas opportunities for RV manufacturers.

South Bend Show Preview 39
"Gateway to Opportunity" is the theme of this year's 36th Annual Midwest Manufactured Housing and RV Show in South Bend, Ind. This quick preview of show-going opportunities includes a calendar of events and exhibitor lists.

DEPARTMENTS

Dealer Concept 42
Service 44
Calendar 46
In Brief 50
Profitmakers 52
Classified Advertising 56
New Literature 57
Index to Advertisers 57
Commentary 58

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

STAGNATION OR STABILITY? IT'S A FRAME OF MIND

MORTON J. MARCUS

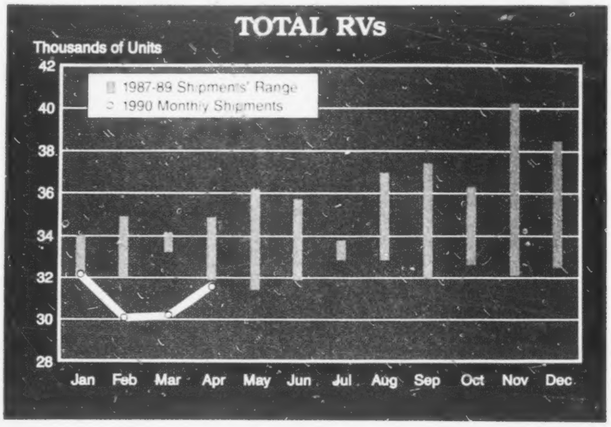


Figure 1

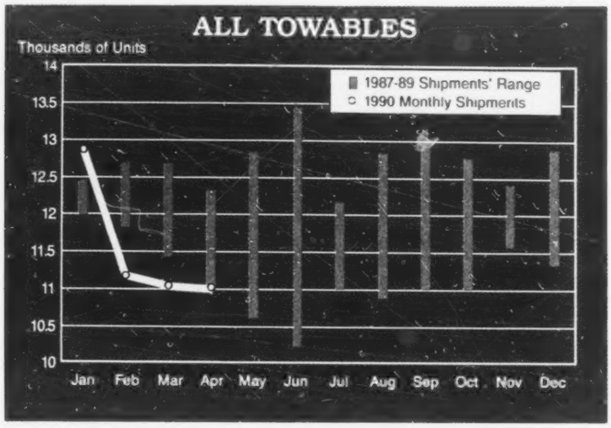


Figure 2

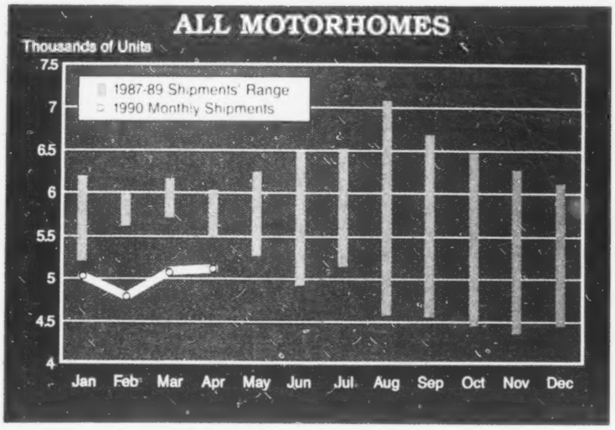


Figure 3

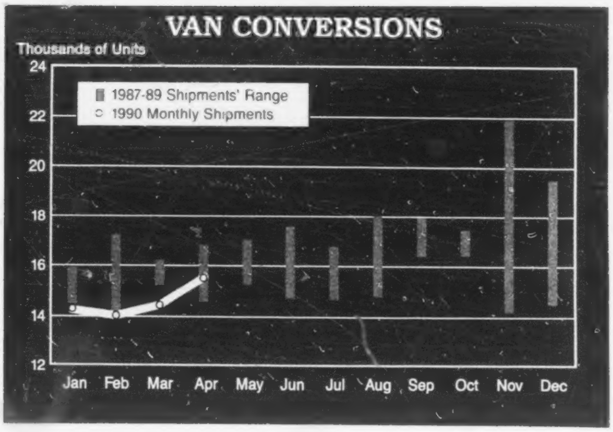


Figure 4

April 1990 has become memories of rather routine events: Millions of Americans prepared income-tax returns and settled accounts with the Internal Revenue Service. Baseball players and baseball-team owners delayed the start of the season so that they could determine who would have the honor of increased tax payments next year and in the years to follow. Basketball teams ended their season and commenced lingering play-off rounds.

These annual rites hardly stimulated any great excitement; afterall, we usually give our most serious attention to that which is different from our recent experience. That's why this column generally focuses on the *change* in RV shipments.

Which is why this April was remarkable from one point of view: *Nothing* happened.

After adjusting RVIA data for normal seasonal variations, total RV shipments in April were up by only 1,400 units from March levels. At just under 32,000 units, total shipments were at the lower edge of the April range shown in *Figure 1.*

Towables fell just within the three-year range, while motorhomes continued outside and below the range of the previous three years. *(See Figures 2 and Figure 3, respectively).* The trend for van conversions differed in that these units were well within the range of recent experience for the first time this year. *(See Figure 4.)*

GRAPHICS: CUSTOM COLOR VISUALS

RVIA SHIPMENTS

If we delete van conversions from consideration for a moment, then we can see that April was really a repetition of March—with a slight rearrangement of the numbers. Consider the picture painted by *Figure 6*: Motorhomes were up 20 units; towables were down 20 units. That was not the story of one firm but of an entire industry.

The way in which motorhome gains were offset by towable losses was also illustrated by the fact that, while motorhomes had their best month since last July in April, towables experienced their worst month since last August.

The entire 1,400-unit increase in total shipments in April was accounted for by van conversions. Not only have van conversions become the largest element of RV shipments, but they are the biggest mover. With 47% of the market *(see Figure 5)*, they have accounted for nearly two-thirds of the change experienced in 1990 to date.

The good news in the van-conversion sector is that, at nearly 15,900 units, April was the strongest month yet in 1990. For the first time this year, shipments were above those of the same month in 1989.

PERCENT MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1990	1989	Change
TOTAL RVs	100.00	100.00	0.00
Travel Trailers:	25.20	23.23	1.97
Conventional	14.71	13.69	1.01
Park Models	1.95	1.96	- 0.01
Fifth-wheels	8.55	7.57	0.97
Folding Camping Trailers	9.13	8.87	0.26
Truck Campers	2.59	2.47	0.12
TOTAL TOWABLES	36.92	34.57	2.35
Motorhomes:			
Class A	9.07	9.65	- 0.58
Class B Van Campers	1.60	1.20	0.40
Class C:	5.36	6.25	- 0.90
Minis	4.12	5.20	- 1.08
Low Profiles	0.26	0.46	- 0.20
Micro-minis	0.98	0.60	0.36
TOTAL MOTORHOMES	16.02	17.10	- 1.08
Multiuse Van Conversions	47.06	48.32	- 1.27

Percentages may not add to total because of rounding.

Figure 5

A detailed look at towables and motorhomes shows the relatively flat market. *(See Figure 6.)* Most of the unit changes between April and March totaled less than 100 units. The percentage changes looked dramatic for low-volume models, but actual volume differences were minor.

How far behind 1989 was the industry as of April?

Some might look at *Figure* 6 and see the difference between 1990 and the past year as highly significant.

After four months, a deficit of 2,900 units (almost 13%) in motorhomes and a 6,000-unit shortfall (9.3%) in van conversions could, in themselves, seem important. But placed in perspective, these year-to-date lags are much less formidable.

For the year-to-date, the difference between 1990 and 1989 equaled far less than even one month's production. What would it take to regain the shipment levels of 1989? April had 20 working days (if firms gave their workers Good Friday as a holiday). That is 160 working hours during which 31,980 units were shipped, or an output rate of about 200 units per hour. Hence, it would require just about one week (5.7 days) to make up the deficit of 9,170 units in total RV shipments for 1990.

To regain the 1989 shipments level for towables would take just over 3½ hours. Motorhomes could rebound to 1989 levels after 11.4 days of work. Van conversions would require 7.6 days of output to bring shipments back to their 1989 pace.

The point is that when change is seen in the perspective of total volume, it is far less dramatic. Too often, we focus on change alone without recognizing the magnitude of the base. The fact that the industry changed little in April is of less significance than the rate of output itself.

To sum up, the industry could regain its 1989 level of shipments by adding only 1,150 units per month (a 3.5% increase) to its April production rate for the remainder of 1990. That would result in monthly shipments averaging 33,130 units for the rest of this year—which was about what the industry was doing in March 1989. That certainly seems to be a modest and attainable objective. Δ

> *If we delete van conversions from consideration for a moment, then we can see that April was really a repetition of March—with a slight rearrangement of the numbers.*

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

Type of Units	Apr '90	Change From Mar '90		Year-to-Date		Change	
		Number	%	1990	1989	Number	%
TOTAL RVs	31,980	1,400	4.6	124,890	134,060	- 9,170	- 6.8
Travel Trailers:	7,740	- 20	- 0.3	31,470	31,140	30	1.1
Conventional	4,550	90	1.9	18,370	18,360	10	0.0
Park Models	640	- 10	- 1.3	2,430	2,830	- 190	- 7.4
Fifth-wheels	2,540	- 100	- 3.9	10,670	10,150	520	5.1
Folding Camping Trailers	2,520	- 10	- 0.3	11,400	11,890	- 490	- 4.1
Truck Campers	760	10	1.8	3,240	3,310	- 70	- 2.2
TOTAL TOWABLES	11,010	- 20	- 0.2	46,110	46,350	- 230	- 0.5
Motorhomes:							
Class A	2,970	80	2.8	11,320	12,940	- 1,610	- 12.5
Class B Van Campers	500	- 90	- 14.7	2,000	1,610	380	23.9
Class C:	1,630	20	1.4	6,690	8,380	- 1,690	- 20.2
-Minis	1,320	40	2.8	5,140	6,970	- 1,820	- 26.2
-Low Profiles	100	100	n/a	320	610	- 290	- 47.2
-Micro-minis	200	- 120	- 36.4	1,220	800	420	52.2
TOTAL MOTORHOMES	5,100	20	0.4	20,010	22,930	- 2,920	- 12.7
Multiuse Van Conversions	15,870	1,400	9.7	58,770	64,780	- 6,010	- 9.3

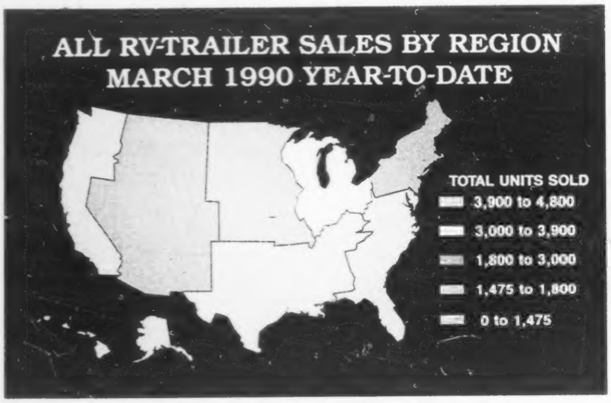
Note: Data rounded to nearest 10 units.

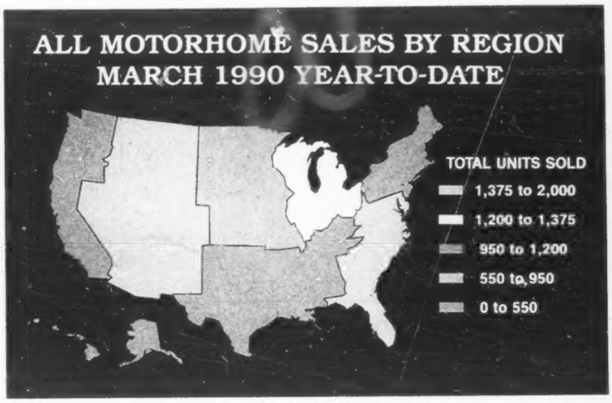
Figure 6

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RETAIL SALES LAGGED IN FIRST QUARTER OF '90

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

First-quarter 1990 retail-sales numbers reveal that the RV-trailer market was down by 2.12% compared with the first three months of 1989, while the motorhome market lagged last year's first quarter by an even larger 10.6% margin. However, it must be noted that these retail comparisons do not include 1989 and 1990 figures from California since a legislative change in that state has restricted access to vehicle-registration data.

RV-trailer sales in March were down by 820 units, or 8.15%, from March 1989. The seven national regions are ranked in Figure 1 by the percent of change in trailer sales in March compared with the same month in 1989. The South Central region topped the rankings, with Alabama reporting the largest gain in that region. The East North Central states trailed the pack, and Indiana had the largest decline for the month.

Year-to-date, RV-trailer sales were down 2.12%, as noted above, which translates into a 417-unit shortfall compared with the first three months of 1989. Figure 2 shows the regional rankings based on the percentage change in trailer sales for the first quarter when compared with the same period last year. The South Central region again led all others, and Alabama had the largest gain for the year-to-date in that region. The Northeast region fell to last place, with Maine experiencing the largest decline among the Northeast states.

Meanwhile, the March motorhome market experienced a 13.6% drop, or a 532-unit decline from the sales level of March 1989. Figure 3 ranks the same seven regions by the percent of change in motorhome sales between March 1990 and the same month of last year. The South Central region was the leader in the motorhome market, with Oklahoma having the largest percentage gain for the month. In the bottom-ranked Northeast region, Rhode Island had the dubious honor of the largest decline.

RV TRAILERS, MAR. '90

Mar. '90 Rank	Region	% of Change From Mar. '89	Feb. '90 Rank
1	S. Central	20.1	1
2	Mountain	6.1	4
3	W.N. Central	3.4	3
4	S. Atlantic	3.1	7
5	Pacific	–20.4	2
6	Northeast	–25.9	6
7	E.N. Central	–26.3	5

Figure 1

RV TRAILERS, YEAR-TO-DATE

Mar. '90 Rank	Region	% of Change Year-to-Date	Feb. '90 Rank
1	S. Central	27.6	1
2	Pacific	4.8	2
3	Mountain	1.2	3
4	S. Atlantic	– .9	4
5	W.N. Central	– 3.0	7
6	E.N. Central	–16.7	6
7	Northeast	–18.3	5

Figure 2

MOTORHOMES, MAR. '90

Mar. '90 Rank	Region	% of Change From Mar. '90	Feb. '90 Rank
1	S. Central	16.3	2
2	S. Atlantic	8.1	6
3	Pacific	–17.7	1
4	E.N. Central	–23.1	3
5	W.N. Central	–24.9	4
6	Mountain	–26.7	5
7	Northeast	–28.1	7

Figure 3

MOTORHOMES, YEAR-TO-DATE

Mar. '90 Rank	Region	% of Change Year-to-Date	Feb. '90 Rank
1	S. Central	6.0	2
2	Pacific	2.4	1
3	S. Atlantic	– .6	3
4	Mountain	–15.9	4
5	W.N. Central	–16.4	5
6	Northeast	–25.5	7
7	E.N. Central	–28.8	6

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

AT RETAIL *continued*

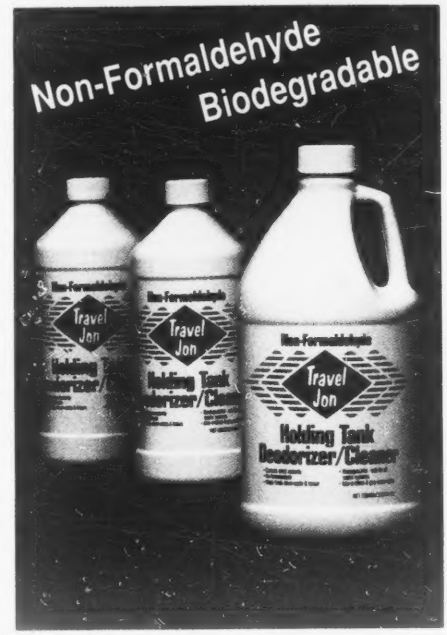
For the year-to-date, motorhome retail figures came in 10.6%, or 973 units, behind the first quarter of 1989. In Figure 4, regions are listed according to the percentage change in motorhome sales for the first three months of 1990 compared with the same period of 1989. The South Central region continued to hold the No. 1 spot, and Oklahoma recorded the largest year-to-date gain in motorhome sales among the states of that region. In the last-place East North Central region, Illinois recorded the largest decline.

As of March, both motorhome and RV-trailer numbers were trailing behind 1989 retail-activity levels, although the RV-trailer market was better than the motorhome market in the first quarter. Clearly, the South Central region was the "hottest" area in the country during the first three months of 1990. In that region, the long-depressed markets of Texas and Oklahoma appear to be heading back to the sales levels of past years. Hopefully, future months will see continued improvement. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

Travel Jon

HOLDING TANK DEODORIZER/CLEANER



©1989 Century Chemical Products

Fresh 'n Clean

Travel Jon® Holding Tank Deodorizer/Cleaner gives a long lasting fresh, clean scent plus absolute control of objectionable holding tank odors instantly and breaks down waste and tissue.

From the leader in sanitation products for over 60 years, Travel Jon Holding Tank Deodorizer/Cleaner is safe to handle, safe for all septic systems and can be used in both black and grey water tanks.

Available from your nearest warehouse distributor.

CENTURY Chemical Products
Division of Gage Products Co.

Quality Sanitation Products for Over 60 Years
P.O. Box 1442, Elkhart, IN 46515 (219) 293-9521
(Outside Indiana) 1-800-348-3505

Grope Groan Crawl &Cuss

Checking tire pressure should be easy. It's guaranteed with SpiraGage, the built-in tire gauge that rolls with the RV wheel. Precise PSI readings at a glance. SpiraGage, time-saving and a helping hand for RV tire life and fuel mileage. SpiraGage ensures proper PSI because it mounts on your air valve stem. Built to withstand the rigors of long-haul trucking, SpiraGage makes leisure time ...well, more leisurely.

SpiraGage, the gauge of a safe motorhome.

Dealers, call United Instrument toll free for pricing guidelines.

VS.

"...with SpiraGage, checking tire pressure can be as simple as walking around the motorhome."
Bones Evers,
Contributing Editor
MotorHome Magazine

Just a Glance

90
60
120
30
0
160
Spira Gac

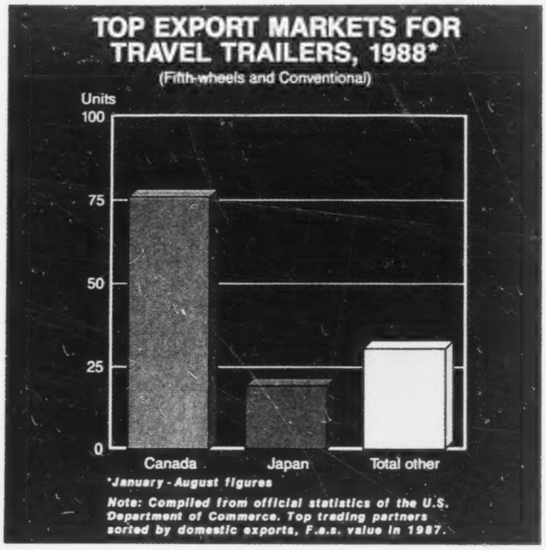
UNITED INSTRUMENT, INC.
800/257-4243 or FAX 503/254-6115
P.O. Box 20626, Portland, OR 97220

FEATURE

EXPORT OPPORTUNITIES

BOB MENDEL

As European and Japanese economies grow, and trade barriers shrink, opportunities for RV exporters are expanding

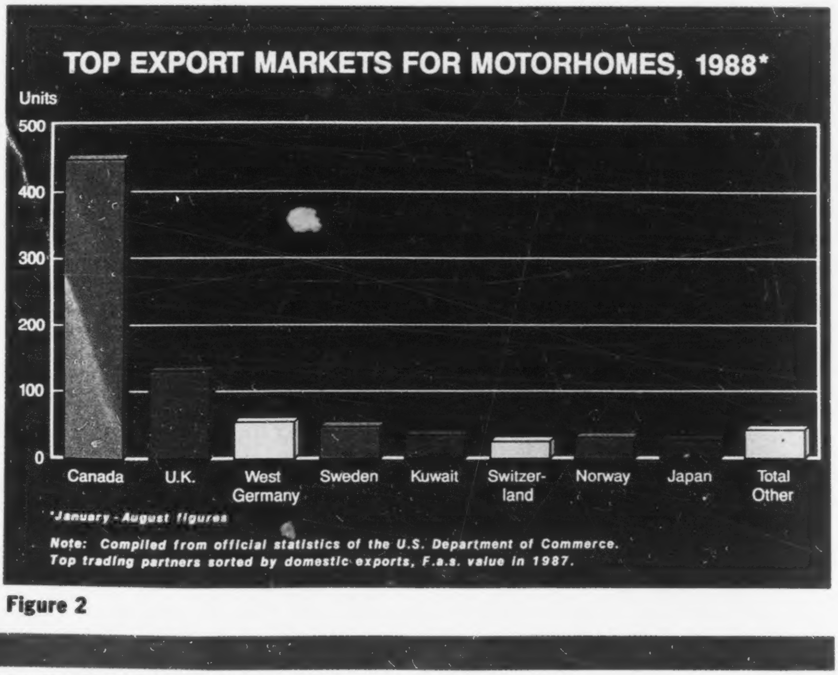

TOP EXPORT MARKETS FOR TRAVEL TRAILERS, 1988*

(Fifth-wheels and Conventional)

*January - August figures

Note: Compiled from official statistics of the U.S. Department of Commerce. Top trading partners sorted by domestic exports, F.a.s. value in 1987.

Figure 1


TOP EXPORT MARKETS FOR MOTORHOMES, 1988*

*January - August figures

Note: Compiled from official statistics of the U.S. Department of Commerce. Top trading partners sorted by domestic exports, F.a.s. value in 1987.

Figure 2

Moving into the last decade of this century, the global picture has been changing profoundly and rapidly – and one of the spin-offs just may be a growth in overseas markets for U.S. RV products.

In the European theater, for example, we are witnessing the initial stage of an economic and political metamorphosis of one of the world's superpowers, the Soviet Union, and its former Eastern European vassals. This process will be equaled in importance by the emergence of the European Common Market as an economic reality in 1992. If these changes result in the expected expansion of the European consumer's buying power, U.S. RV exports can only benefit.

Another major region experiencing significant development is the Pacific Rim, with Japan as the undisputed economic leader. Now on the horizon is the long-awaited opening of the Japanese marketplace to foreign products, a process that is likely to boost RV sales there.

Closer to home is the impact of the U.S.-Canadian Free Trade Agreement, which was passed on Jan. 1, 1989. The agreement will gradually eliminate tariffs between the two neighboring countries over the next 10 years, meaning that tariffs on most RV products will decline at a rate of 10% per year. As a result, significant increases in U.S. RV exports to Canada are expected as early as 1994.

Of course, the trend of overseas market growth and increased free trade are balanced somewhat by economic retrenching in previously strong overseas RV markets, such as the Middle Eastern oil exporters, and by new trade barriers in some previously favorable environments, such as the new excise taxes on van-conversion imports in Sweden. *(See "RV Firms Look Overseas" on page 24.)*

For an overview of current RV export markets and trends by RV type, see Figures 1 through 3.

In general, trade trends are positive, and many RV manufacturers already are responding to the changing times, including Winnebago Industries Inc., Forest City, Iowa, and Coachmen Industries Inc., Elkhart, Ind.

Speaking for Coachmen, Michaele "Mike" McIntosh, vice president of marketing services, sees foreign markets as "offering a lot of opportunities but also involving a lot of regulations. We have one dealer in England now. We're having serious discussions in Europe and Japan." And Coachmen has already gone on record about "concentrated efforts to open new dealerships" in Canada.

Winnebago, which until recently has exported only about 5% of its annual production total of 12,000-14,000 units, has struck a deal with Mitsubishi Corp. of Japan to market its motorhomes there and hopes to raise its export level to 10% of overall production.

Joining the growing RV-manufacturer interest in developing overseas trade is the Indiana Manufactured Housing Association/Recreation Vehicle Indiana Council (IMHA/RVIC), which is working with Indiana's Department of Commerce on trade initiatives aimed at showing foreign firms and trade delegations the opportunities offered by the large number of RV manufacturers located in Indiana.

New Initiatives With Japan

One recent coup in this effort is a precedent-setting, two-year trade pact between Indiana and Japan, the first such trade agreement between an American state and Japan's Ministry of International Trade & Industry (MITI). The agreement, which was to be finalized July 1, calls for the establishment of a trade-assistance office in Indianapolis, Ind., staffed by Japanese trade specialists, who will offer seminars, market research, financial advice and matchmaking help for buyers and sellers of Indiana-made goods.

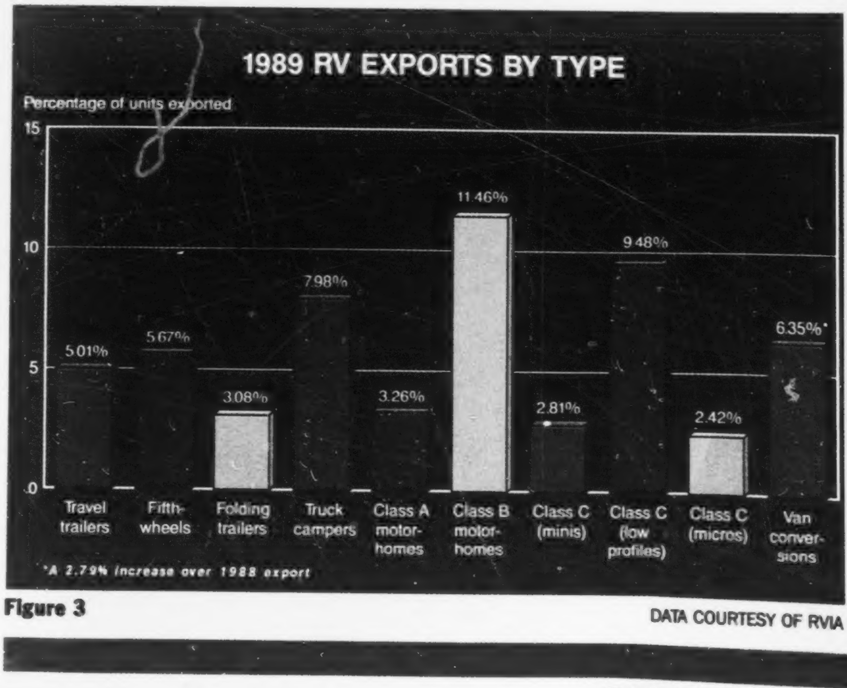
The pact may be particularly good news for RV interests. "While this program will be available to all industries, there will be a very serious effort to target a few specific industries for direct participation. And the RV and van industries, based on my discussions with the state of Indiana, will be among the target industries," says Ron Breymier, executive director of RVIC, adding, "We in Indiana will be the pilot project for Japan, and there's pressure from the Japanese government to make this project a success."

Breymier also is unequivocally upbeat about other trade initiatives currently being implemented by his organization. "We're excited," he says, "and we've been extremely active during the past year in helping the RV manufacturers. We conducted a seminar on foreign trade, with 50 members in attendance, and we will have representatives from 14 foreign nations at the Midwest Manufactured Housing & RV Show in South Bend this year."

One by-product of last year's seminar was an extensive report on international business opportunities, which is available to RVIC members and to others for a small fee. Data from the report formed the basis of several of the figures featured with this article.

Meanwhile, Breymier himself has been working closely with the Japanese to forge business relationships with the Japanese External Trade Organization (JETRO). He attended the Sports & Leisure Show in Tokyo last winter, where he helped organize an exhibit promoting Indiana's RV and van-conversion manufacturers, with assistance from Indiana officials. Breymier reports that response was highly favorable and that he returned with 250 inquiries. He also participated in an export study mission to Tokyo and Kyoto, June 27-July 6, where he analyzed Japanese markets, studied how to conduct business effectively in Japan and held meetings with Japanese import and trading companies.

Already, RVIC has mailed out English- and Japanese-language brochures to Japanese companies interested in doing business with U.S. firms, adds Breymier. RVIC also has developed a database of 250 Japanese companies that have expressed interest in potential imports, which has already resulted in contact between Japanese companies and individual members of RVIC,



*A 2.79% increase over 1988 export

Figure 3

DATA COURTESY OF RVIA

GRAPHICS: CUSTOM COLOR VISUALS

the RVIC executive says.

Breymier explains that he is particularly hopeful of increased RV buying in Japan because the Japanese government is working on streamlining standards for imports and because Japan is undergoing key lifestyle changes. The Japanese work force is shifting from a six-day work week to a five-day week, and the Japanese government has proposed the establishment of a network of campgrounds to accommodate the demands of citizens with more leisure time. The goal is to build 100 campgrounds by the year 2000, all to be modeled after those in the United States, so that it will be easier for Japanese resorts to accommodate U.S.-style RVs.

> *With the showcase economy of Europe, West Germany looks the most attractive despite the competition from strong German producers of RVs.*

Breymier visited a 400-member, Nissan Motors-owned campground south of Tokyo, and arranged for representatives from the Japan Park and Camping Association to attend the South Bend Show.

Concerning the Japanese push, Breymier concludes, "I see them making a genuine commitment to open up. Indiana is the first state to enter a trade agreement with them, and they are anxious to demonstrate that they do indeed want imports. JETRO has agreed to purchase 10,000 products and put them on display in major Japanese cities to encourage their consumers."

Explore European Opportunities

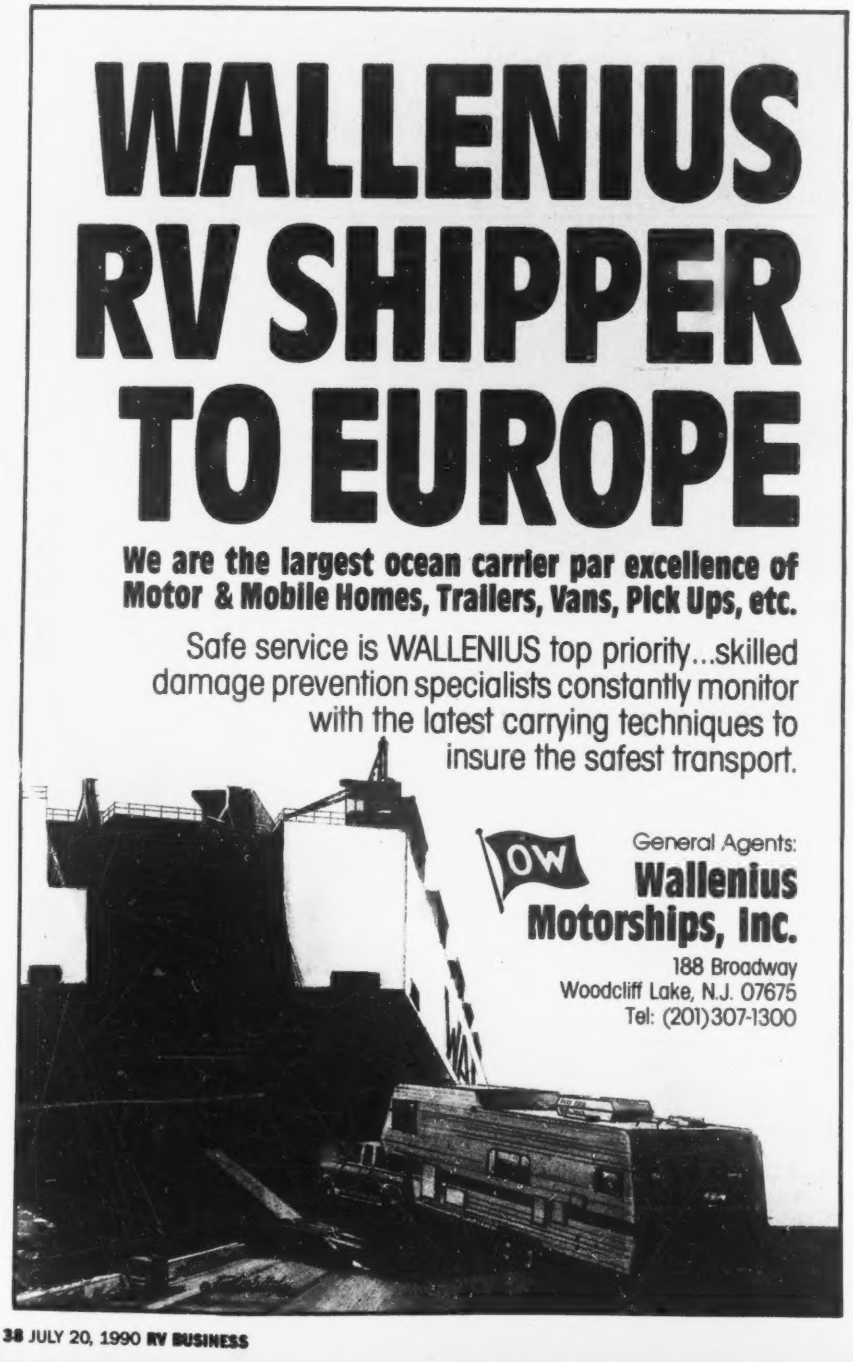
That is not to say that RVIC is ignoring Western Europe. The focus is primarily on developing markets in West Germany – followed by Belgium, France, the Netherlands, England and Scandinavia.

With the showcase economy of Europe, West Germany looks the most attractive despite the competition from strong German producers of RVs. Thus, in March of this year, officials of RVIC and the Indiana Department of Commerce attended the Essen (West Germany) Camping and Touristik Trade Show, where they gathered data and promoted the upcoming Midwest Show in South Bend, Ind. The Indiana Department of Commerce maintains an office in the Netherlands, and RVIC has a German-language brochure to pique foreign prospects. RVIC and state officials are currently working with the city of Elkhart to research and update the feasibility of exporting van conversions and smaller RV types to Europe. They are also offering help to manufacturers not involved in overseas markets.

Breymier can list the numerous benefits of overseas sales to hesitant would-be exporters, including the ability of the manufacturer to improve economies of scales in production, marketing and distribution by spreading fixed costs over more products.

But even the most ardent export promoters agree that international marketing will require of RV makers more than their usual foresight. Environmental regulation, product standardization, higher costs and limits on petroleum usage, and other factors can play a greater role in other nations than in domestic markets. Planning ahead and maintaining a constant monitoring of changes under way in the international arena is crucial to success in exporting.

"It will take time and work to develop this kind of business," acknowledges Breymier, "but it is important for the long run. Few manufacturers will see immediate results. But if they stay in it, they will see long-term benefits." Δ



WALLENIUS RV SHIPPER TO EUROPE

We are the largest ocean carrier par excellence of Motor & Mobile Homes, Trailers, Vans, Pick Ups, etc.

Safe service is WALLENIUS top priority...skilled damage prevention specialists constantly monitor with the latest carrying techniques to insure the safest transport.

General Agents:
Wallenius Motorships, Inc.
188 Broadway
Woodcliff Lake, N.J. 07675
Tel: (201)307-1300

RV BUSINESS

TL E1 20814 069100 STA
*C 9007 958 BPD
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

AUGUST 6, 1990

Midwest Show Sees Shift to Lower Prices

This year's Midwest Manufactured Housing & RV Show in South Bend, Ind., features a bevy of 1991-model introductions aimed at lower price points.

There is no disputing the success of such lower-priced trendsetters as the 1990 Flair Class A from Fleetwood Enterprises Inc., Riverside, Calif., which already had seized almost 3% of the Class A market by the end of 1989; or the Classic travel trailers of Goshen, Ind.-based Dutchmen Manufacturing Inc., which grew at a phenomenal 345% rate in the first quarter of this year.

Now a wide range of RV makers seem to be moving toward lower-priced motorized and towable lines for 1991.

But is the new interest in price-sensitive products just a temporary reaction to a flat market or a long-term trend?

The leading motorized-and-towable manufacturer in the industry, Fleetwood Enterprises, certainly believes the trend toward lower-priced lines is permanent. "Even with all the 'baby boomers' coming in (to their peak RV-buying years), we will have to be sensitive to price," declared Jim Sheldon, director of marketing for the Fleetwood RV Group. "There is a certain amount of sticker shock because the amount of household discretionary income has declined, and manufacturers have added amenities the buyers don't really want."

Sheldon said he believes the proportion of towable units selling at the low end of the price spectrum could grow to almost 40% of the towable market in the 1990s, up from the current 25%-30% market share. The demand for low-end motorhomes also should increase over the long term, particularly the demand for lower-priced Class C's, he added. The popularity of economical RV products "is not a temporary phenomenon," Sheldon concluded.

Officials at Jayco Inc., Middlebury, Ind., agreed that long-term trends favor less-expensive lines—but only in the case of travel trailers and folding camping trailers.

"In fold-downs and travel trailers, the proportion of low-end unit sales will increase, but that won't happen for fifth-wheels or motorized units," opined Jayco Sales Manager Chuck McKinney. Since the buyers of fifth-wheels and motorized-RVs tend to live in their

continued on page 10

A NEW PRICE-CONSCIOUSNESS IN SOUTH BEND: Today's competitive market seems to favor lower-priced units, as seen in the new models unveiled at the Midwest Manufactured Housing & RV Show.

Bush Receives Outdoors Award

See Page 7

7 ARC Honors Bush With 1990 Outdoors Award

7 Fleetwood Debuts Avion Trailers

8 GMC Changes RV-Inventory Finance Plan

8 Winnebago Names Dohrmann As New COO

9 RVIA Votes on Budget, Calif. Licensing Issue

9 Northeast Dealers Struggle With Sales Dip

12 CDC Unveils Cutaway Chassis

12 Winnebago Drops Van Plants in Delaware, Texas

13 Holiday RV Proceeds With Chassis Imports

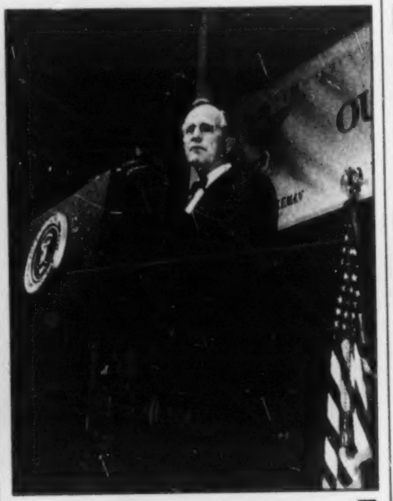
13 Thor Upgrades Citation, Corsair

14 RC Industries Halts High-Line Fiver Output

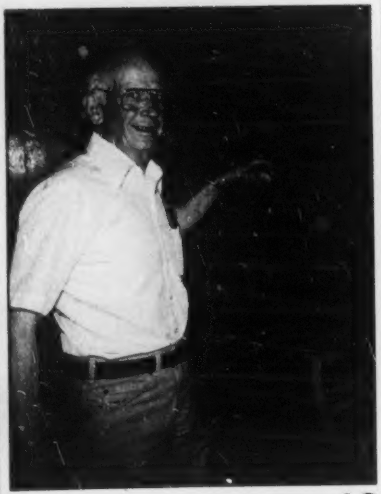
14 Transnom Files Chapter 11

RV BUSINESS

VOLUME 41, NUMBER 9 AUGUST 6, 1990 TWO DOLLARS



7



16

COVER PHOTO: SOUTH BEND CHAMBER OF COMMERCE

NEWS AND TRENDS

Industry News 7

RV People 16

DAB Perspective 17

FEATURES

South Bend Show Guide 19

This overview of the 36th Annual Midwest Manufactured Housing & RV Show in South Bend, Ind., should help attendees plan their show-going strategies. Included are floorplans, exhibitor lists, a calendar of events and a guide to local restaurants with a handy locator map.

Educating Retailers 26

Most retailers can prosper when sales are strong, but it's the truly savvy dealer who can turn the current weak market to his advantage. That's why many successful dealers are turning to management seminars and consultants for help in rethinking their game plans.

Handling Recalls 34

Dealers describe their systems for handling manufacturers' product recalls, highlighting both problems—such as poor manufacturer-dealer communications and flat-rate reimbursement—and opportunities to generate sales and customers.

DEPARTMENTS

Dealer Concept 43

Service 46

Marketing 49

Legal 53

In Brief 59

Profitmakers 63

Index to Advertisers 65

Calendar 66

Classified Advertising 71

Readers' Forum 72

Commentary 74

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

THE MONTH OF MAY HIT A HIGH NOTE

GAYLORD MAXWELL

May was the best month of the year-to-date for the Dealer Advisory Board (DAB).

Total sales volume for the 23 members was up from May 1989 – a first for the five-month period of 1990. Fifteen DAB members were up in total sales, while only eight were down.

New-unit sales were higher, too, and although the increase was not large, it was the first "win" in that category in five months. Three new-unit categories (all three towable types) were on the plus side. Two used-unit categories (motorhomes and travel trailers) were up. About half of the members reported that both grosses and bottom lines were good or excellent.

Year-to-date, the picture wasn't as good. Sales volume was still down compared with the first five months of last year, and 13 DAB members also were off the pace in terms of dollars taken in. Unit sales, both new and used, still lagged 1989; although, fortunately, they did not trail by so much that the picture couldn't change if sales improve in the weeks to come.

The size of the dealership didn't appear to have any bearing on business in May compared with the same month last year. However, in a year-to-date comparison, it seemed that the big dealerships were hurting more than the smaller ones. In fact, some of the smaller dealerships have made excellent recoveries from 1989.

DAB members reported that their inventories were generally in healthy shape in May. Only a few said they had more new units than they normally would have. One problem with used merchandise was that it was in short supply in some instances. Lot traffic was rated as being a bit on the low side, and new buyers apparently were scarce during the month.

But one definitely positive sign was that overall grosses were rated by nearly everyone as good or excellent. Bottom lines, too, got high marks. Hopefully, May signaled the beginning of a turnaround.

Motorhomes

There was some improvement in motorhome sales in May, but sales of that type were still hurting badly. New units were off by less than they had been in previous months, but they were still behind the pace of May of last year. However, used units jumped into the plus column, indicating that the prices of new units may be forcing more people into used purchases.

Only five of the 17 DAB members reported that motorized new-unit sales in May were up from May 1989. Two of those were small- to medium-size dealerships that were up by only a couple of units. The big specialists were about evenly distributed between those who reported increases and those who had declines. In terms of grosses, motorhomes received relatively high marks – with mostly good ratings, but some excellent grades as well.

For the year-to-date, 13 members of the DAB said new-motorhome sales were behind last year's pace, and some were down drastically. So, in spite of the relatively good news on the retail scene overall, it is unlikely that motorhome sales will make any significant turnaround this year. Speculation about the reasons for the downturn would have to include high prices and high interest rates. With many units now priced above $100,000, including the so-called medium-priced and even low-end brands, sticker shock is taking its toll.

Travel Trailers

Trailer dealers haven't had it so good in many years. Fifteen of the 20 DAB members who stock that type reported that new-unit sales were up over May of last year. (Three of the remaining five were down but only by one or two units.) Used-unit sales were in the plus column, making travel trailers the only RV type to get plusses in both new and used categories. Trailer grosses generally were rated as good, although there were an equal number of fair and excellent ratings.

Year-to-date, new trailers were running at a very, very healthy 22% clip ahead of last year's record. Used sales weren't as good, but they weren't bad either.

Why the sudden leap in trailer sales? Perhaps the primary reason was that people

---

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **David McMann,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Robert Jensen,** Layton, Utah; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindland,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Delores McNally,** Portland, Ore.; **Annette Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

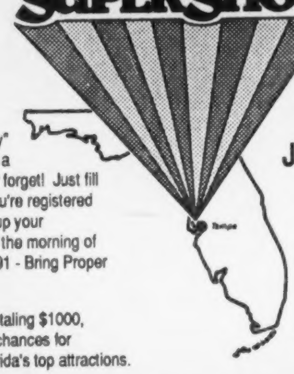
	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MOTORHOMES	151	168	−10	699	840	−17	198	181	+ 9	806	874	− 8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TRUCK CAMPERS	42	44	− 5	142	165	−14	10	18	−44	87	78	+12
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FIFTH-WHEELS	63	48	+29	266	221	+19	30	36	−17	132	134	− 1

—	FOR MONTH			YEAR-TO-DATE		
	MAY 1990	MAY 1989	% CHANGE	1990	1989	% CHANGE
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL UNIT SALES	992	973	+ 2	4,007	4,106	−2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
USED-UNIT SALES	419	455	− 8	1,705	1,782	−4

1991 FLORIDA RV SUPERSHOW

Go Camping Florida!

FLORIDA RV TRADE ASSOCIATION



DEALERS:

- Join us for "RV Industry Day" January 16, 1991 and attend a Dealer Party that you'll never forget! Just fill out the coupon below and you're registered for "RV Industry Day." Pick up your credentials at the EXPO Hall the morning of Wednesday, January 16, 1991 - Bring Proper Identification.
- There will be cash prizes totaling $1000, entertainment and plenty of chances for complimentary tickets to Florida's top attractions.

January 16-20, 1991
Tampa, Florida

Exclusive
RV Industry Day
January 16, 1991

ONE WEEK BEFORE SUPERBOWL XXV IN TAMPA STADIUM
SEE OUR BOOTH DURING THE SOUTH BEND SHOW

☐ YES! I want to take part in RV Industry Day at the RV SUPERSHOW!

NAME:
ADDRESS:
CITY: STATE: ZIP:
BUSINESS NAME:

Please return as soon as possible to:
Florida RV Trade Association–401 N. Parsons Ave., Ste. 107
Brandon, FL 33510 • (813) 684-7878 • FAX (813) 653-0211

RVB8-1

Kropf

Emblem of Excellence
Since 1946

You can spend a lot of time shopping for a new unit . . . but you won't find better values than Kropf travel trailers and fifth wheels.

For more than forty years, Kropf has been producing top quality products that bring you all the comforts of home.

So if you're shopping for a new travel trailer or fifth wheel . . . shop for the best. Kropf.

Kropf

58647 SR 15, P.O. Box 30,
Goshen, IN 46526, (219) 533-2171

were opting for prices that were lower than those for motorhomes. Also, trailers have advantages in terms of maintenance and operating costs. Certainly, there was a relationship between the drop in motorized and the increase in towables.

Truck Campers

The drop from May 1989 wasn't large (a mere two units), but this type had been down all year in new-unit sales. Five of our DAB members stock campers, and only one reported an increase for the month (he was up by one unit). According to our largest dealership for this type, supplies of good used units were short. Profits were rated all the way from poor to excellent.

Year-to-date, only one of the five truck-camper dealers was up over the first five months of 1989. There are dealers who are making money on campers; however, the average dealer who "tries a couple" hasn't been doing well with truck campers.

Folding Camping Trailers

For the first time in 1990, monthly sales of new units edged into the plus column. The increase over May of 1989 didn't put folding trailers much ahead of last year, but it was an improvement. Seven out of the 15 DAB members who sell fold-downs reported an increase in new units. Grosses were quite mixed—with equal ratings in every category from poor to excellent. Used sales didn't do as well in May.

Year-to-date, new-unit sales were still down a bit, but most of the larger dealerships for this type were nudging last year's numbers. Although the numbers weren't nearly as large, camping-trailer prices have created "sticker shock," too. The much younger people who look at this RV type must be appalled to see most prices in the $5,000-plus range.

Fifth-wheels

Sales of this type had been good through the first four months of 1990, but they were even better in May: Fivers were up 29% in new-unit sales over the same month of 1989. Most dealers who had reasonably good inventories of this type did well. However, used sales were off in May, as they previously had been for most of 1990. Grosses were said to be good or excellent.

For the year-to-date, new units were up significantly from 1989, while used sales tagged along a bit behind. It seems that the fiver business has been neither terrific nor terrible; it has just plugged along at a sure but modest pace. Since buyers are generally older retirees, and there are lots of them, we can expect this market to continue much as it has. Δ

RV BUS

TLF1 20814 069100 STA
*C 9007 958 BWL
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

C8950-3

AUGUST 20, 1990

GALLEYS FOR A NEW DECADE: Although dealers may not realize it, it is in the RV galley that many unit sales are won or lost, say RV makers and designers, who describe the trends in amenities and styling that have transformed today's kitchens into even better selling points.

RV Makers Bet on Continued Basement Popularity

Fleetwood Enterprises Inc., Riverside, Calif., revolutionized the motorhome business in 1986 with the introduction of the Bounder Class A motorhome, a rather conventional-looking coach that caught the eye of consumers because of its innovatively engineered "basement-style" design.

Now, five model-years later, basement construction has become somewhat standard, and most manufacturers think basement motorhomes are here to stay for the foreseeable future. "It's obviously what the consumer has been looking for. And I would say that, in the next five years, you'll see a predominance of the basement in one form or another," affirmed Craig Alexander, national sales manager for Georgie Boy Manufacturing Inc., an Edwardsburg, Mich., firm that has turned its complete lineup over to either "half-basement" or "full-basement" floorplans.

The Bounder's basement configuration, which was a concept pioneered by Fleetwood Chairman John Crean, features a raised floor offering expanded storage, easier access to components, a quieter ride, better visibility and the generally im-

continued on page 14

Trailer Scams Plague Dealers

The perennial problem of fly-by-night trailer scams surfaced once again in the past few months, with scam operations reported to be especially prevalent this year in Alabama, Georgia, Florida, North Carolina, Mississippi and Virginia.

However, dealers in other states should be wary since scam operators are likely to follow their established pattern of moving northward during the summer.

Robert Strawn, executive vice president of RVDA, cited numerous reports of fly-by-night activity, which had been received by his office as early as March and April. He said RVDA is continuing its efforts to combat the situation by pursuing model legislation that can be submitted to the various states in an attempt to curtail some of the illicit activities.

"We have had to put that is-

continued on page 12

7 RVDA Ends Sponsorship of Miami RV Show

7 SEC Ruling Queries Status Of Lease-backs

8 NCOA Seeks Growth of 'Go Camping America'

8 Dometic's Parent Company Buys Sibir Assets

9 N.Y. Adopts Precedent-Setting Lemon Law

9 Starcraft Changes Its Top Management

10 TriMas Denies Plans to Merge Reese, Draw-Tite

11 Chrysler Unveils Minivans, Boosts Trucks' Tow Power

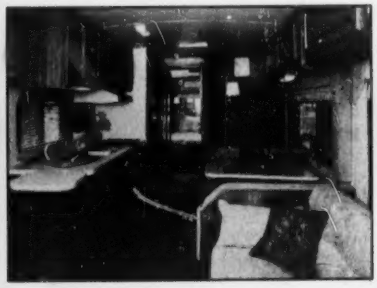
11 RVIA Details Courses for RV-Tech School

12 Industry Mourns Sudden Death Of Jack Moran

13 Connecticut Passes Bill on Secret Warranties

RV BUSINESS

VOLUME 41, NUMBER 10 | AUGUST 20, 1990 | TWO DOLLARS



34

40

COVER PHOTO COURTESY OF
COACHMEN INDUSTRIES INC.

NEWS AND TRENDS

Industry News — 7
RV People — 16
At Retail — 19
RVIA Shipments — 23
Blue Chip Consensus — 26

FEATURES

Galleys for the '90s — 34
RV manufacturers and designers agree that a convenient, attractive, functional RV galley is key to sales success. Trends to watch for include more appliance and storage amenities at every price level; more washable, durable flooring; and, at the higher price ranges, a sleeker look influenced by "European" styling.

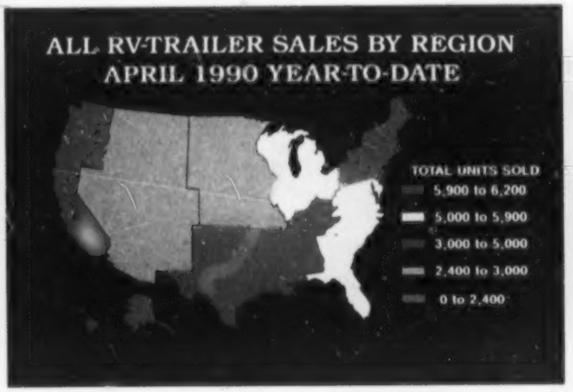
DEPARTMENTS

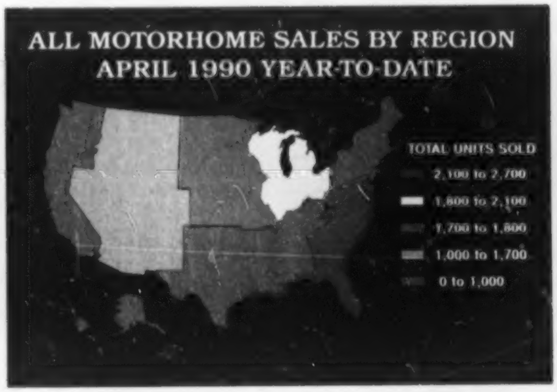
Dealer Concept — 40
Legal — 43
Service — 45
Calendar — 47
In Brief — 48
Profitmakers — 50
Readers' Forum — 52
Classified Advertising — 54
Index to Advertisers — 55
Midwest Journal — 56

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

APRIL RETAIL MARKET WEAK BUT IMPROVING

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

According to April 1990 retail numbers, minus data from California, the RV-trailer market for the year-to-date was down by 2.06%, and motorhome sales were down 9.41% compared with the first four months of 1989. (All comparisons exclude California due to a legal restriction on vehicle-registration information in that state.)

In April, the RV-trailer market declined by 387 units, or 3.53%, from the same month a year ago. Figure 1 shows a ranking of the seven national regions by the percentage change in RV-trailer sales compared with April 1989. In the leading South Central region, Alabama recorded the largest percentage gain over April of last year. The East North Central region trailed the pack, with Ohio having the largest decline among those states.

For the year-to-date, the RV-trailer market was down by 631 units, or 2.06%, compared with the first four months of 1989. Figure 2 shows the national regions ranked by their percentage change in RV-trailer sales through April 1990 when compared with the same period last year. The South Central region again won the No. 1 spot, with Alabama reporting the largest gain in that market. In the bottom-ranked Northeast, Connecticut had the largest percentage decline for the year-to-date.

The motorhome industry experienced a decline of 387 units, or 9.27%, in April compared with the sales level of April 1989. Figure 3 lists the seven regions according to the percentage change in April motorhome sales compared with the same

RV TRAILERS, APR. '90

Apr. '90 Rank	Region	% of Change From Apr. '89	Mar. '90 Rank
1	S. Central	32.7	1
2	Pacific	16.5	5
3	Mountain	13.5	2
4	S. Atlantic	–10.4	4
5	W.N. Central	–10.8	3
6	Northeast	–15.4	6
7	E.N. Central	–16.9	7

Figure 1

RV TRAILERS, YEAR-TO-DATE

Apr. '90 Rank	Region	% of Change Year-to-Date	Mar. '90 Rank
1	S. Central	29.4	1
2	Pacific	9.0	2
3	Mountain	5.7	3
4	S. Atlantic	– 3.9	4
5	W.N. Central	– 6.1	5
6	E.N. Central	–14.5	6
7	Northeast	–17.2	7

Figure 2

MOTORHOMES, APR. '90

Apr. '90 Rank	Region	% of Change From Apr. '80	Mar. '90 Rank
1	Pacific	6.0	3
2	S. Atlantic	– 2.8	2
3	W.N. Central	– 5.1	5
4	S. Central	– 7.7	1
5	E.N. Central	–10.9	4
6	Mountain	–16.0	6
7	Northeast	–23.8	7

Figure 3

MOTORHOMES, YEAR-TO-DATE

Apr. '90 Rank	Region	% of Change Year-to-Date	Mar. '90 Rank
1	Pacific	4.3	2
2	S. Central	1.6	1
3	S. Atlantic	– .1	3
4	W.N. Central	–11.7	5
5	Mountain	–14.9	4
6	E.N. Central	–18.7	7
7	Northeast	–24.2	6

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

month in 1989. The Pacific region topped the rankings, with Washington state reporting the largest percentage gain in that region. The Northeast region lagged all others, with Rhode Island having the largest decline for the month.

For the year-to-date, motorhome retail numbers came in 1,258 units, or 9.41%, behind last year's pace. Figure 4 ranks the seven regions by the percentage change in motorhome sales for the first four months of 1990 compared with the same period of 1989. The Pacific region was the highest-ranked, and Washington state turned in the best year-to-date performance among those states. In the lowest-ranked Northeast region, Massachusetts had the largest percentage decline.

Overall, the RV market did improve somewhat in April. However, there is no denying that motorhomes turned in a weaker performance than RV trailers. Dealers would be wise to monitor their next three months' sales before deciding that the market will make a comeback. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

WHAT THE INDUSTRY HAS ALWAYS NEEDED IS NOW AVAILABLE THROUGH

COAST
DISTRIBUTION SYSTEM

The new **Technical Service Hotline** has been expanded to include technical assistance on the following manufacturers' products:

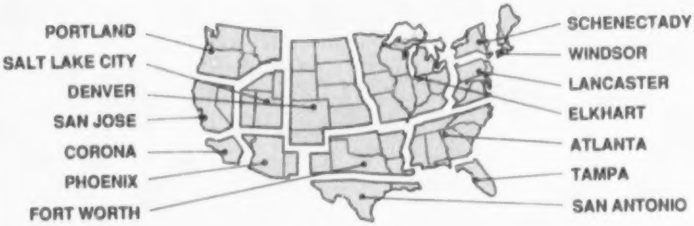
A&E ● ATWOOD ● CAREFREE ● COLEMAN ● DOMETIC
DUO-THERM ● FAULKNER ● 4-WAY ● HYDRO-FLAME
HWH ● INSTAMATIC ● MOR FLO ● NORCOLD
SERVEL ● SHURFLO ● TEKONSHA ● TELEFLEX

Our Toll Free phone number provides you with technical service anywhere in the country by calling:

1-800-288-1118

Between 8:00 A.M. and 5:00 P.M. EST

Parts are readily available from our 14 strategic locations:



To order your copy of our comprehensive 700 page parts catalog, call the ***Technical Service Hotline*** and ask for **#90077**.

BIKE RACK
HIKE a BIKE SYSTEM
SKI RACK
FAST... SIMPLE... SAFE!
The Name that Racks up New Profit!
2-Bike & 4-Bike Models

HIKE-A-BIKE is revolutionizing the bike rack and ski rack industry. This innovative system literally "plugs-in" to standard vehicle hitches for fast, simple, safe transport and storage of bikes and skis. Thousands of satisfied customers. Hitch your name to our name for more profits. Write or call for full dealer information today!

Nationally Advertised

HIKE A BIKE, INC. 1314 E. North Ave. Fresno, CA 93725 Call toll free 1-800-541-4453

PUT YOUR CHILD AT THE HEAD OF THE CLASS.

The first step is to start a college fund today with U.S. Savings Bonds. They can be completely tax-free when used for education.

U.S. SAVINGS BONDS
1-800-US-BONDS
A public service of this publication

MAY SHIPMENTS BLOSSOM, BUT GROWTH STILL SLOW

MORTON J. MARCUS

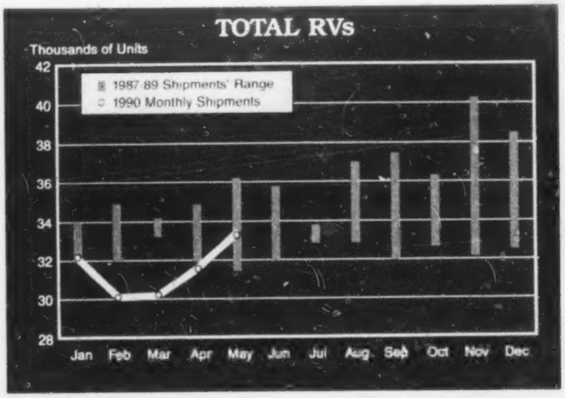


Figure 1

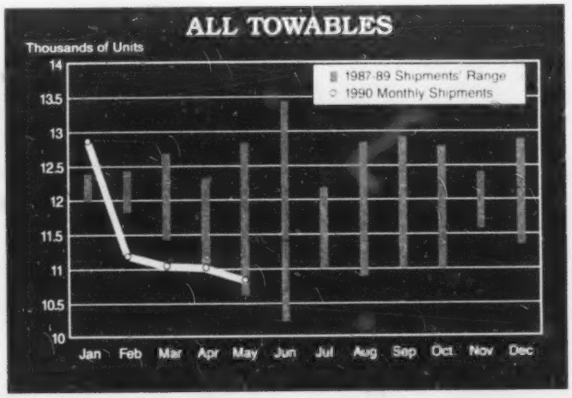


Figure 2

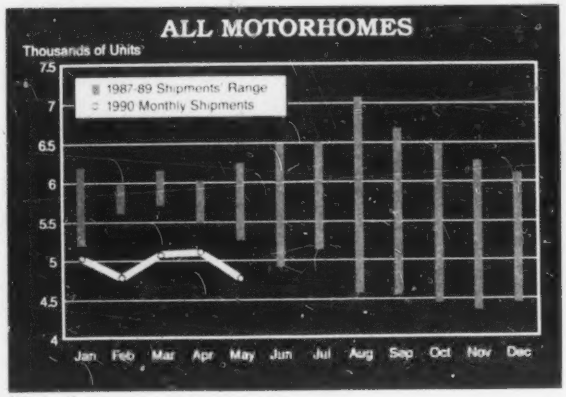


Figure 3

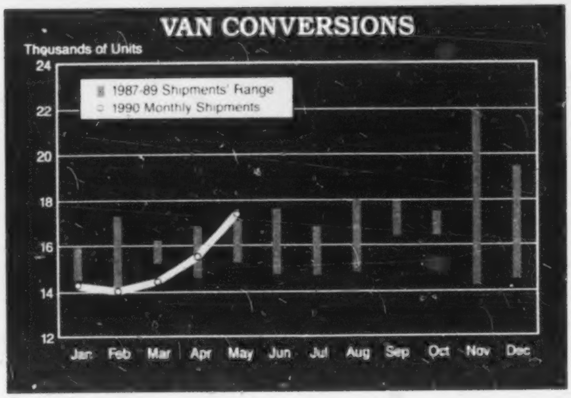


Figure 4

A sluggish spring can end with a burst of colorful blooms in May. And May 1990 did see some pleasant blossoming of wholesale shipments once the data was adjusted for normal seasonal patterns.

For the third consecutive month of 1990, total shipments advanced from the previous month. And, with 33,080 units shipped, May was the best of the first five months of 1990, indeed the best month since November 1989. May also was the first month of 1990 in which total shipments exceeded their monthly level of a year ago.

Figure 1 provides a clear picture of May's achievements. Total shipments were solidly within the monthly range established by the industry's record over the past three years. May 1990 shipments were 5%, or nearly 1,600 units, ahead of May 1989. As a result, the year-to-date deficit was cut in half; shipments trailed 1989 by 9.3% in February but were only 4.6% behind last year's pace by the end of May.

May's overall improvement was due to the limited progress made by towables and van conversions, while motorhomes continued to lag. *(See Figures 2-4.)*

With 10,890 towables shipped in May, the year-to-date deficit was wiped out—but that was an improvement of only 20 units. Celebrating in the streets, therefore, is not yet advisable. Despite the good aspects of the latest data from RVIA, we also must note that towable shipments in May, at 10,890 units, were at their lowest level since June of 1989. May, even with seasonal adjustment, was the worst month for towables as a group for the year-to-date.

May was also the worst month to date for motorhome shipments. As of May, each month in 1990 had been below the same period of 1989 in terms of motorhome shipments. The annual deficit was 3,410 units, or 12.1% below the level of the first five months of 1989, which is not as bad as

GRAPHICS: CUSTOM COLOR VISUALS

the 16% shortfall recorded in February. But the improvement only indicated that the illness was less severe not that a cure was in progress.

Meanwhile, van conversions had their best month of the year with 17,400 units shipped in May. For the second month in a row, van conversions were running ahead of the same month a year ago. Thus, the shipments deficit for the year-to-date had been cut to 4,200 units, or 5.2% below the first five months of 1989.

In sum, by the end of May, the industry was shipping units at a pace that was about 7,600 units slower than at the same point in 1989, but van conversions and towables had made progress in cutting that deficit.

A Detailed View

Among towables as a group, all types of units improved market share in May. *(See Figure 5.)* The greatest gain in market-share points was made by fifth-wheels, which accounted for about half of the total gain made by towables as a whole. Fifth-wheel units were running nearly 6% ahead of last year by May, with an increase of more than 700 units in the first five months of 1990 compared with the same period of 1989. *(See Figure 6.)*

PERCENT MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1990	1989	Change
TOTAL RVs	100.00	100.00	0.00
Travel Trailers:	24.75	23.32	1.42
Conventional	14.33	13.77	0.56
Park Models	2.02	1.98	0.04
Fifth-wheels	8.39	7.57	0.82
Folding Camping Trailers	8.71	8.55	0.16
Truck Campers	2.63	2.55	0.08
TOTAL TOWABLES	36.08	34.42	1.66
Motorhomes:			
Class A	8.81	9.61	– 0.79
Class B Van Campers	1.64	1.27	0.36
Class C:	5.25	6.16	– 0.91
Minis	4.08	5.09	– 1.01
Low Profiles	0.20	0.44	– 0.24
Micro-minis	0.97	0.62	0.35
TOTAL MOTORHOMES	15.70	17.04	– 1.34
Multiuse Van Conversions	48.22	48.54	– 0.33

Percentages may not add to total because of rounding.

Figure 5

All other towable types were behind their pace of a year ago, but the differences between this year's shipments and those of a year ago were very small. For example, folding camping trailers led the downward movement among towables, but they were off by less than 400 units, or 2.8%, which is is equivalent to just one week's output at the May shipment rate. Other types of towables had even smaller percentage deficits in shipments. Hence, the industry's prospects for surpassing last year's towable-shipments level during the remainder of 1990 are not at all bad.

Motorhomes are a different story. As a group they lost 1.34 market-share points in the first five months of 1990. Within the motorhome group, however, the differences were dramatic. For example, shipments of low-profile Class C motorhomes were off 56% from a year ago, but micro-minis were up 48%. In volume, the difference between the drop by low-profiles (minus 410 units) and the increase for micro-minis (plus 500 units), was just 90 units for the entire year-to-date. *(See Figure 6.)*

Class B van campers were up by nearly 23%, with a 480-unit lead on last year's pace, by the end of May. But this improvement was overwhelmed by the 1990 unit deficits for both Class A's and Class C mini-motorhomes.

Van conversions did well in May, with nearly a 10% improvement over April 1990. This performance erased more than 26% of the previous 5,730-unit deficit for the year. Although the gap was closing, these units still accounted for 55% of the industrywide shipments shortfall from 1989.

In summary, there were distinctly positive signs for future growth in May's crop of shipments, but there are still some well-rooted weeds threatening the industry's garden. Much progress needs to be made in many market segments to return to the levels of 1989, which would still be a modest aspiration. Yet, given the way some aspects of the national economy are performing these days, just getting even and staying there may be an achievement. Δ

By the end of May, the industry was shipping units at a pace that was 7,600 units slower than at the same point in 1989, but van conversions and towables had made progress in cutting that deficit.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

Type of Units	May '90	Change From Apr '90 Number	%	Year-to-Date 1990	1989	Change Number	%
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Travel Trailers:	7,620	- 120	- 1.6	39,090	38,610	480	1.2
Conventional	4,270	- 280	- 6.1	22,640	22,800	- 160	- 0.7
Park Models	770	130	19.6	3,200	3,280	- 90	- 2.6
Fifth-wheels	2,580	30	1.3	13,250	12,530	730	5.8
Folding Camping Trailers	2,360	- 160	- 6.3	13,760	14,150	- 390	- 2.8
Truck Campers	910	150	20.5	4,150	4,220	- 70	- 1.6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20	[illegible]
Motorhomes:							
Class A	2,600	- 370	- 12.5	13,920	15,910	- 1,980	- 12.5
Class B Van Campers	590	90	18.5	2,590	2,110	480	22.6
Class C:	1,600	- 30	- 1.6	8,290	10,190	- 1,900	- 18.6
-Minis	1,300	- 20	- 1.8	6,440	8,430	- 1,980	- 23.5
-Low Profiles	0	- 100	- 100.0	320	740	- 410	- 56.2
-Micro-minis	300	100	49.1	1,530	1,030	500	48.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Multiuse Van Conversions	17,400	1,530	9.7	76,170	80,370	- 4,200	- 5.2

Note: Data rounded to nearest 10 units

Figure 6

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

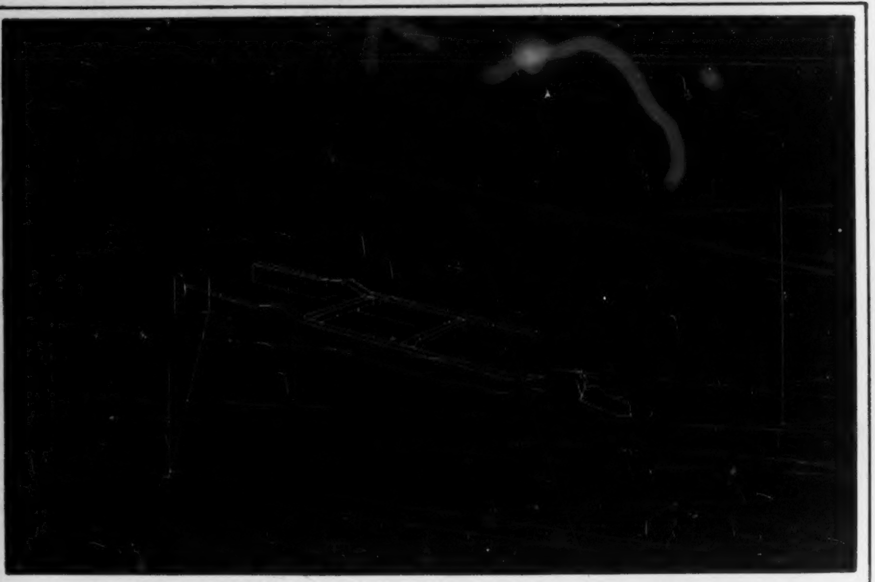
RV BUSINESS

TLE1 20814 0691 C8950-2
*C 9007 [illegible]
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
4420 EAST WEST HWY 800
BETHESDA MD 20814

SEPTEMBER 3, 1990

- **New Starcraft Chief Discusses Future Goals**
- **Indiana NRVTI Lines Up State Funds**
- **Rockwood Debuts Revamped '91 Product Lineup**
- **President of Champion Resigns**
- **Be[illegible]ires Co[illegible]ampers**
- **USA Motor Offers Custom Motorhomes**
- **GM Improves '91-Model Truck Powertrains**
- **Lake Capital Offers 1991 Komfort Trailers**
- **Winnebago Expands Brand Licensing**
- **Horizon Inc. Formed to Make Fivers, Minis**
- **Fedders to Buy Emerson**

S



CHALLENGE OF THE CHASSIS: RV-chassis suppliers are competing more fiercely than ever in the slow market of 1990-1991. The result is better pricing and a wider range of products.

Fleetwood to Market Truck Camper This Fall

Fleetwood Enterprises Inc. will test-market a conventionally styled "Caribou by Fleetwood" truck camper this fall in the U.S. Northwest, company officials confirmed at the end of July.

And, if all goes well with sales of those self-contained units, Riverside, Calif.-based Fleetwood will probably expand its offerings to nine models and assemble a coast-to-coast dealer network for distribution of its new line of midpriced aluminum-skinned slide-ins.

"If it's as successful as we anticipate that it will be, we'll introduce it on a national scale, perhaps region by region," said Bob Burns, marketing manager for Fleetwood's RV Group. Burns said initial production would be of 11½-foot standard units and extended-cab models tailored for larger dual-wheeled domestic pickups.

Coming as it does, only a few months after Fleetwood acquired the Coleman brand of folding camping trailers, the announcement of Fleetwood's entry into the truck-camper market raises the question of whether the industry's market-share leader is headed toward becoming a full-line RV manufacturer like Coachmen Industries Inc., Elkhart, Ind. Company officials had no comment regarding that possibility.

The self-contained Caribou, available with optional generator and air conditioning, will be built at Fleetwood's Pendleton, Ore., plant and should be on dealer lots this month. It will be

continued on page 10

Chrysler Develops Quality-Control Program for Van Converters

Chrysler Corp., Highland Park, Mich., has been developing its own approach to quality control for its pool van converters, although its program differs in style from those recently developed by its competitors – Ford Motor Co. and General Motors Corp.'s Chevrolet and GMC divisions.

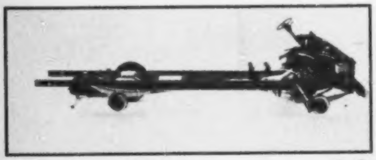
Chrysler already has sent out guidelines to van converters, followed up by a more detailed breakdown of the automaker's standards for converters. Now, the company has begun sending a factory team around to upfitters to make sure they comply with its guidelines.

Overall, the company is leaving it up to converters to develop an internal program of incentives for employees to turn out quality vans. But it wants an in-depth, written description of exactly what those programs are and how converters will im-

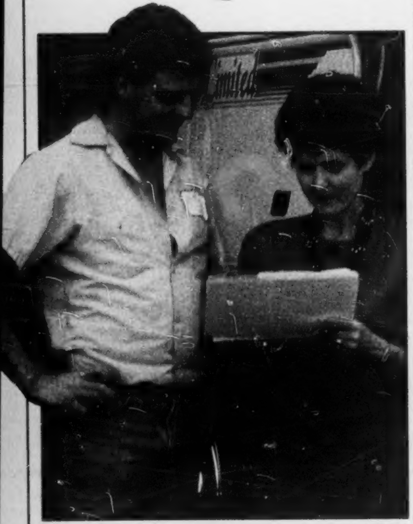
continued on page 12

RV BUSINESS

VOLUME 41, NUMBER 11 SEPTEMBER 3, 1990 TWO DOLLARS



26



34

NEWS AND TRENDS

Industry News 7
RV People 14
DAB Perspective 18

FEATURES

Harrisburg Pre-Show Guide 22

This quick preview of the Pennsylvania Recreational Vehicle and Camping Association's RV Expo '91 in Harrisburg, Pa., features a calendar of events and exhibitor lists to help show-goers plan their visit.

Challenge of the Chassis 26

As RV-chassis sales remain relatively flat, chassis suppliers are jockeying for market share with better pricing and a range of new products. Trends include a growth in the small-chassis area, hot competition among larger-chassis makers, an increasing role for Chrysler Corp.'s Acustar subsidiary and continued strength in niche markets.

DEPARTMENTS

Dealer Concept 34
Marketing 38
Profitmakers 40
Calendar 43
In Brief 46
Readers' Forum 50
Classified Advertising 52
Index to Advertisers 53
Commentary 54

COVER ILLUSTRATION: ROY MONTIBON

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

RV SALES HOLD STEADY IN JUNE

GAYLORD MAXWELL

This past June was pretty much even with June of 1989 in retail sales, according to the Dealer Advisory Board (DAB). In fact, in some respects, it was better than last year.

Although the total sales volume for the group was down slightly from last June, 12 individual members were up, compared with 10 down. New-unit sales were up 5%, and used units nosed out last year's figure by 1%. Three of the five categories of RV types were up in new-unit sales, and four were up in used.

New-unit profits were varied but tended to be a bit more weighted on the high side. Used ratings were generally good. Grosses also were generally good, and bottom lines weren't bad.

New inventories were apparently running a bit on the high side in June, while used units weren't as plentiful. Lot traffic was generally rated to be low, as was the percentage of new buyers.

Year-to-date figures improved with the June report. Overall sales volume and unit sales for the first half of this year were very close to last year's tally.

After a bitter struggle in the early months of the year, it appeared that dealers generally were doing better during the summer months. Over half of our DAB entered the plus column for year-to-date sales volume. No particular size of dealer seemed to have a definite edge over last year, but several of the middle-size dealers were doing quite well, whereas only one major member had higher numbers than last year.

Things are looking up.

Motorhomes

Dealers of this type are still struggling. Only four out of 18 motorized dealers on our DAB managed to sell more new units this June than last. Even used sales were off the mark for the month. Profits on new units were rated as fair to good, while used-unit grosses were about the same.

> *No one had any explanation for why trailers are on a roll, but it's happening.*

Year-to-date, the picture was about the same for new units; however, used sales were running quite a bit better for the first six months of the year.

The only factor that might make the picture a little more positive in the coming months is the fact that many manufacturers are bringing out less-expensive lines and will focus more on smaller price tags.

Travel Trailers

Trailer dealers are still riding the crest of a sales wave: June was almost up with the 20% pace set for the year-to-date. Sixteen of the 19 DAB members selling travel trailers were ahead of last June in terms of new units sold, and used sales were also in the plus column.

Profit ratings were generally marked as good for both new and used. No one had any explanation for why trailers are on a roll, but it's happening—and it is a trend that was long overdue.

Truck Campers

There wasn't any bright light showing for this category. June's new-unit sales were still off for our DAB members who sell that type of RV. Only one of the three large dealers beat last June's new-unit numbers. However, used units seemed to be selling well. The numbers for both June and the year-to-date showed that.

Profits were rated as varied, ranging from low to excellent. Apparently, we aren't going to see any significant change in the sales pattern for this type of RV this year.

Folding Camping Trailers

Fold-downs came into their own in June, edging out last year's numbers by 5% in new units. Year-to-date, it was almost a tie. Ten out of 14 DAB members who sell this

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	JUNE 1990	JUNE 1989	% CHANGE	1990	1989	% CHANGE	JUNE 1990	JUNE 1989	% CHANGE	1990	1989	% CHANGE
MOTORHOMES	151	183	-17	847	1,025	-17	153	185	-17	941	1,041	- 8
TRAVEL TRAILERS	142	121	+17	765	638	+20	124	115	+ 8	613	608	+ 1
TRUCK CAMPERS	39	49	-20	181	213	-15	28	21	+33	115	98	+17
CAMPING TRAILERS	156	131	+19	689	691	(-1	50	37	+35	187	206	- 9
FIFTH-WHEELS	65	45	+44	316	267	+18	36	28	+29	172	166	+ 4

	FOR MONTH			YEAR-TO-DATE		
	JUNE 1990	JUNE 1989	% CHANGE	1990	1989	% CHANGE
SALES VOLUME	$16,862,000	$17,981,000	- 6	$93,833,000	$96,803,000	-3
TOTAL UNIT SALES	944	915	- 3	4,826	4,953	-3
NEW-UNIT SALES	553	529	+ 5	2,798	2,834	-1
USED-UNIT SALES	391	386	+ 1	2,028	2,119	-4

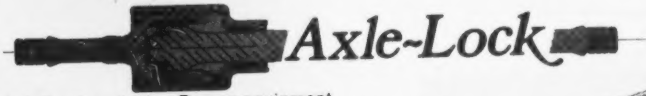
The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **David McMann,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Robert Jensen,** Layton, Utah; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Dolores McNally,** Portland, Ore.; **Annette Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

THE TOWING ALTERNATIVE

New Axle-Lock ...
Another Practical Solution
For Towing
Front Wheel Drive
Automatic Cars



The Axle-Lock and other Remco equipment eliminates the need for an expensive, heavy, inconvenient, troublesome, cumbersome, space stealing dolly.

With the Axle-Lock, a simple twist disconnects the axles on your front wheel drive vehicle from the transmission. Axle-Lock will not damage the drive train and does not log mileage on towed vehicle.

Remco also has Transmission Lube Pumps, Drive Shaft Couplers, Tail Light Kits, and Tow bars with Bolt on Brackets.

Now available for many Toyota, Hyundai, Mitsubishi, Ford & GM front wheel drive compact cars. For more information and a complete application listing, call or write:

remco

4138 so. 89th street
omaha, nebraska 68127

phone (402) 339-3398
toll free 1-800-228-2481

DAB *continued*

type beat last year's monthly figures.

Profits, however, tended to be on the lower side, with more dealers rating profits in the poor column than any other.

There's no reason to believe that the sales picture for fold-downs will change this year, since most of the selling season is over—and folding trailers are definitely a seasonal product.

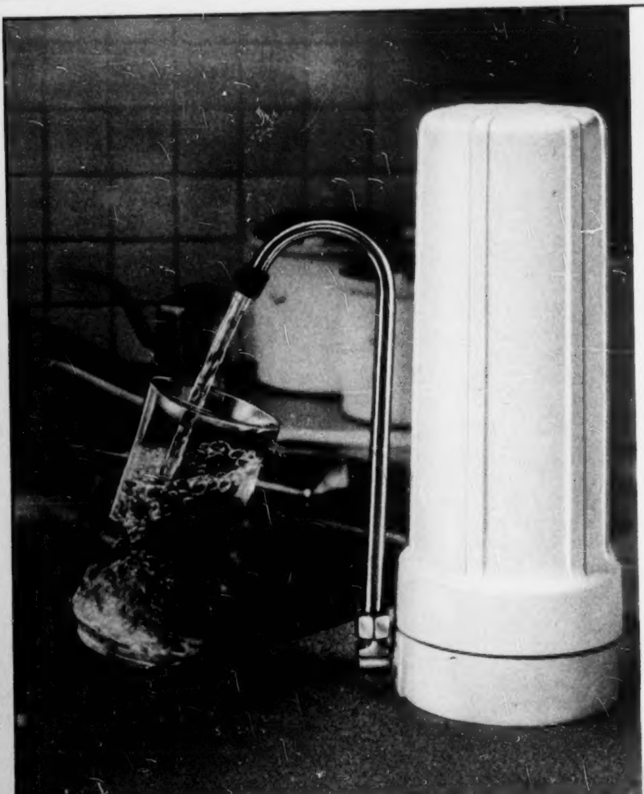
Fifth-wheels

Something good happened in June for dealers of this type of RV. Their 44% increase was indeed impressive. Ten out of the 14 DAB members who stock fifth-wheels were up in new-unit sales. Used units sold well, too.

Year-to-date figures were almost as good as those for travel trailers. It is apparent that there is still a great deal of interest in towables.

Profits were a bit mixed but mostly on the high side in June. There were four excellent ratings—more than for any other type of RV.

Fiver dealers have good reason to be optimistic. The fifth-wheel business is a game that requires a particular sales approach, but it is a very winnable game in many areas. Δ



Fresh filtered convenience, new from AMETEK.

Here's the way to remove unpleasant tastes, odors and sediment from water without the trouble and expense of a permanent installation. It's the AMETEK Countertop Filtration Unit and it gives your customers great tasting water anywhere they want it.

Simply remove the aerator from any standard faucet and replace it with the diverter valve/aerator supplied. (An adaptor is available for faucets without an aerator.) Tap water flows into the sink for routine use, but at the touch of a button, it passes through the filter for drinking and food preparation. Here is the fully portable solution to clean, tasty water in the kitchen, bathroom, vacation home, RV or boat!

Granular Activated Carbon cartridge is included for removal of foul tastes/odors. Sediment cartridge is also available. Get full details from AMETEK, Plymouth Products Division, P.O. Box 1047, Sheboygan, WI 53082-1047. Tel: 1-800-222-7558 (In WI 414-457-9435). Fax: 414-457-6652.

American made by the quality leader

AMETEK
PLYMOUTH PRODUCTS DIVISION

RV BUSI

, 1990

C8950-2

TLE1 20814 069100 STA
*C 9007 958 BYC
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

7 RVIA Survey Profiles RV Loan Trends

7 Starcraft Restructures Debt, Leadership

7 RV/MH Hall Of Fame Has Grand Opening

8 President of Champion Resigns

8 New Models Debut at South Bend

9 Thor Sues Rexhall for $10 Million-Plus

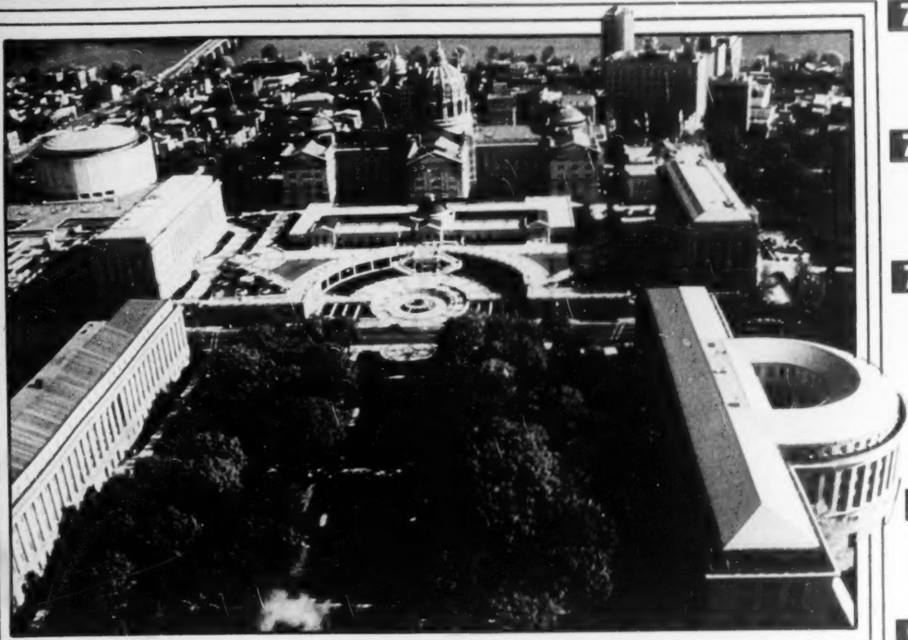
9 Used-Market Pace Outdoes New Sales

9 Champion Has Upgraded EuroPremier

10 Sony Markets Trans-Aire In Japan

11 Wally Byam Club Featured On NBC Show

11 Fleetwood Has First Coleman Dealer Meetings



HARRISBURG SHOW: The Pennsylvania Recreational Vehicle and Camping Association's RV Expo' 91 promises to be even bigger and better than last year's sold-out show.

RVDA Takes a Stance on Warranty Issue

Seeking to address a long-standing conflict between RV dealers and manufacturers, the RVDA board of directors has approved a "Warranty Position Paper" on recommended manufacturer-dealer warranty policy.

The RVDA paper notes that the association's aim is to establish an "efficient warranty repair or replacement program" that provides "timely" solutions to RV owners' warranty problems. It also pledges that dealers and authorized factory-service centers will maintain fully equipped facilities and trained personnel "to make repairs efficiently."

More specifically, the paper outlines the following areas in which dealers would like to see more cooperation from RV manufacturers:

- Warranty labor rates paid by manufacturers and suppliers should be the posted retail rates as charged by the authorized dealer or service center.
- Prior approval of warranty work should be required only when the cost of parts and labor exceeds a specified amount. The RVDA suggests setting that mark at "the equivalent of two hours of labor per problem."
- Warranty claims should be paid promptly within 30 days unless other arrangements are made in advance.

Also included in the paper are suggested guidelines for the return of defective parts, reimbursement of shipping charges on parts and a recommendation that "whenever possible manufacturers or suppliers should use parts that have at least a 12-month warranty and should maintain toll-free numbers to expedite warranty-claim approval."

Although RVDA intends to make another attempt at finding a common meeting ground for dealers and manufacturers on warranty issues, Robert Strawn, executive vice president of the RVDA, said the dealer association decided that the position paper was necessary because of "the simple fact that dealers are losing their shirts on warranty work."

Strawn added, "The factory people tend to take a narrow view when they look at the dealer's warranty costs. They figure that the dealer has a service guy for whom he is paying $8 to $10 an hour, and they recognize that the dealer has some additional overhead costs. But, they don't take into consideration all the employee-benefit costs, the cost of the real estate, training expenses, utility costs, insurance and the cost of supervision. The manufacturers have no idea of the total cost. I think

continued on page 10

RV BUSINESS

VOLUME 41, NUMBER 12 SEPTEMBER 17, 1990 TWO DOLLARS

15

31

COVER PHOTO COURTESY OF HARRISBURG CAPITAL REGION CHAMBER OF COMMERCE

NEWS AND TRENDS

Industry News 7

RV People 15

RVIA Shipments 16

At Retail 19

FEATURES

Harrisburg Show Guide 23

This special section offers attendees at the Pennsylvania Recreational Vehicle and Camping Association's RV Expo '91 in Harrisburg, Pa., a detailed calendar of events, exhibitor lists and floorplans.

Money to Grow on 31

Loans for expansion are harder to come by these days, but a dealership with a solid track record and a good growth plan can still find many capital-financing sources, including the local bank, the federal government and private investors.

Insurance Coverage 37

Insurance and industry experts discuss how much insurance and what types of coverage the average dealer needs to protect his business from risks that range from tornados to bad checks to product-liability suits.

DEPARTMENTS

Calendar 42

Profitmakers 43

In Brief 44

Classified Advertising 48

Readers' Forum 49

Index to Advertisers 49

Midwest Journal 50

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life*, *MotorHome*, *Rider*, *Trailer Life's Annual RV Buyer's Guide*, *Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

JUNE SHIPMENTS CLOSE A QUARTER OF IMPROVEMENT

MORTON J. MARCUS

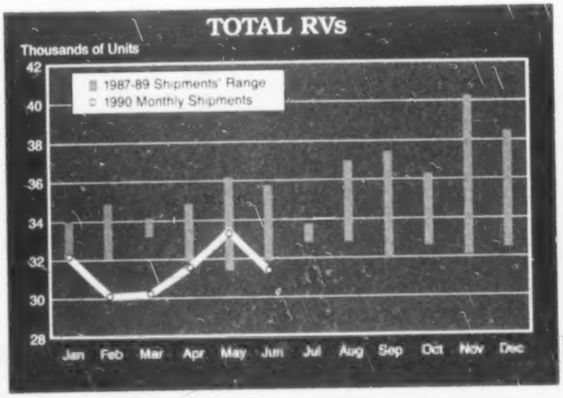


Figure 1

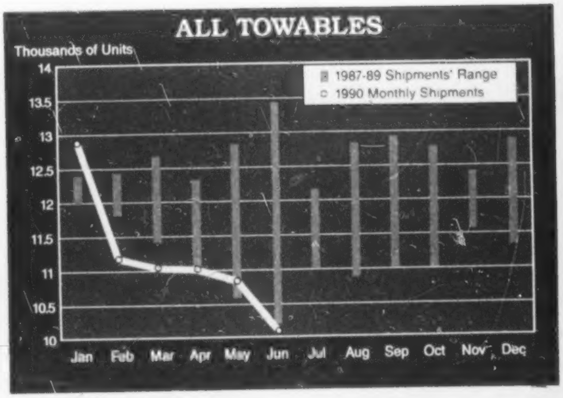


Figure 2

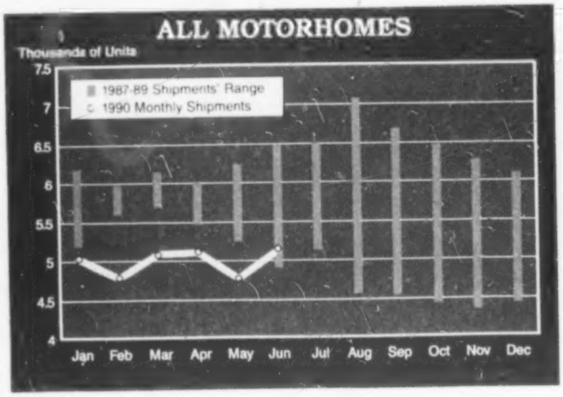


Figure 3

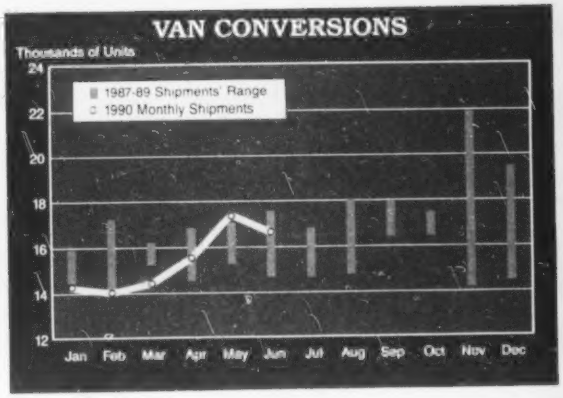


Figure 4

With the shipment data from RVIA in hand, we have a complete view of the second quarter of 1990. The April-June period showed a definite advance from the weakness with which the year opened. Total shipments, seasonally adjusted, equaled 96,880 units in the second quarter, up 4.3% from the weak first quarter. In addition, the second quarter of 1990 was marginally ahead of the same quarter of 1989, although it was still 10,000 units off the pace set for the second quarter in 1988.

The good showing of the second quarter was not the result of a strong close, however. June was an off month compared with the rising path of total shipments depicted in Figure 1. Once again, total shipments were below the range of the past three years for the month. In the first six months, only May was well within the range for its month. In addition, June broke the upward trend of the past few months with a decline of nearly 4% from May shipments.

Towables continued their downward slide in June. Once more, they were below the range for the month as established by performance during the past three years. A gradual downward trend is all too apparent in Figure 2.

Motorhomes, by contrast, finally moved into the range of recent years in June, with their best month in 1990 to date. *(See Figure 3.)* The month-to-month variations in this segment of the market have been minor and have hovered around the 5,000-unit level.

The gains of van conversions were halted in June. After several months of growth, which looked as if it might become explosively exponential, van conversions broke the pattern that seemed to have shipments headed toward 20,000 units a

GRAPHICS: CUSTOM COLOR VISUALS

month. *(See Figure 4.)* Still, the 16,600 units recorded made June the second-best month of the year, and the June level was consistent with an upward trend.

Looking at the Year-to-Date

For the year-to-date, we could say that the strength in the market has been in the towables segment, despite the fact that they have such a clear downward trend. The weakness, from this angle, has been due to motorhomes and, to a lesser degree, to van conversions. To support this argument, we point to Figure 5.

Figure 5 informs us that towables have gained market share (1.46 points), while motorhomes have dropped 0.96 points, and van conversions have yielded 0.50 points. Except for park models, all types of towables have gained market share, while only Class B van campers and Class C micro-minis have shown advances among motorhomes.

The reason for the gains in market share by towable types is twofold: Towables are running about even with their performance of a year ago and are actually ahead of a year ago in three of five categories. *(See Figure 6.)* Second, motorhomes and van conversions are both running well off their paces for 1989, giving towables the better relative record when the market share statistics are computed. How long towables can maintain this "superiority" depends only on towables outperforming the other sectors, and it should be noted that all types of towables were down in June from their May 1990 levels.

Motorhome shipments were down for the year-to-date by nearly 10%. It should be noted, however, that the motorhome lag from 1989 has been improving steadily since February, when it stood at a 16% deficit. June, in fact, was the first month in 1990 when motorhome shipments were ahead of the same month a year ago. There is evidence here of some positive momentum, although it takes a statistical magnifying glass to find it.

In June, that positive energy in the motorhome sector came almost entirely from Class A motorhomes, which were 520 units, or nearly 20%, ahead of May. The low-profile Class C units had an infinite percentage increase in June because no shipments were reported in May.

Shipments of van conversions in June were about 800 units below the May level. This was the fourth time in the first six months of 1990 that van conversions did not equal the shipments level of the same month a year earlier. The 5,130-unit deficit in conversion shipments for the year-to-date represented more than 60% of the total shortfall in 1990 through June.

PERCENT MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation)

	1990	1989	Change
TOTAL RVs	100.00	100.00	0.00
Travel Trailers:	24.24	23.01	1.22
Conventional	14.13	13.46	0.67
Park Models	1.97	2.03	–0.06
Fifth-wheels	8.14	7.52	0.62
Folding Camping Trailers	8.46	8.35	0.11
Truck Campers	2.65	2.53	0.12
TOTAL TOWABLES	35.36	33.90	1.46
Motorhomes:			
Class A	8.98	9.43	–0.45
Class B Van Campers	1.61	1.34	0.27
Class C:	5.17	5.96	–0.78
Minis	3.99	4.91	–0.92
Low Profiles	0.23	0.43	–0.20
Micro-minis	0.96	0.62	0.34
TOTAL MOTORHOMES	15.76	16.72	–0.96
Multiuse Van Conversions	48.88	49.38	–0.50

Percentages may not add to total because of rounding.

Figure 5

Place Your Bets

At the time this article was being written, U.S. military forces were taking up positions in Saudi Arabia, and petroleum prices were rising rapidly. News reporters were seeking every doomsday forecast available. It is our hope that when this report reaches the readers of *RV Business*, the Middle East will have returned to that less-violent yet unstable level with which we have lived for 45 years.

What do the current troubles mean for business and the RV business specifically? It will depend on the responses of petroleum suppliers to opportunities presented by higher prices, and it depends on the responses of the world's major central banks (in our case, the Federal Reserve Board) to the higher inflation rates brought on by those higher prices.

The marketing strategy for RV dealers and manufacturers should be to point out that the gas price increase represents only a small increase in the *total* cost of RV ownership. Airfares, taxi fares, rental and personal car costs will all be rising with much publicity; thus, the relative costs of RV usage for the consumer may not change at all.

It is my view, as of presstime, that the Fed will accommodate the inflation; that is, the Fed will increase the money supply sufficiently to sustain or even lower interest rates.

If the Iraqi incursion ends soon, all this is but speculation akin to the fun and games on Wall Street. If the tension persists, the results need not be adverse if the industry and individual dealers face the issues directly and do not leave the "thinking" to local TV reporters, who often represent the least-informed sector of our society. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

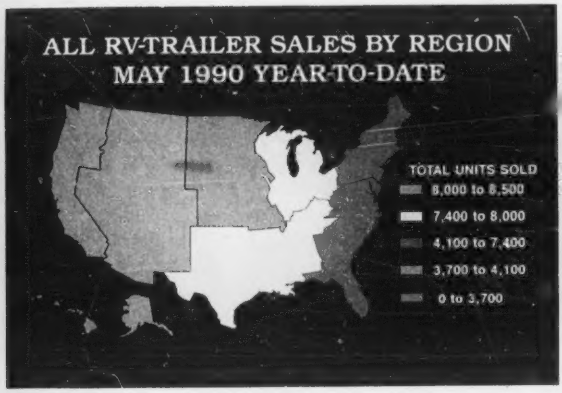
Type of Units	Jun '90	Change From May '90 Number	%	Year-to-Date 1990	1989	Change Number	%
TOTAL RVs	[illegible]	[illegible]	- 3.8	189,800	[illegible]	[illegible]	[illegible]
Travel Trailers:	6,910	- 710	- 9.3	46,000	45,640	370	0.8
Conventional	4,170	- 100	- 2.3	26,820	26,700	120	0.5
Park Models	530	- 230	- 30.5	3,730	4,020	- 290	- 7.3
Fifth-wheels	2,200	- 370	- 14.5	15,450	14,920	540	3.6
Folding Camping Trailers	2,310	- 50	- 2.0	16,070	16,560	- 500	- 3.0
Truck Campers	880	- 30	- 2.9	5,040	5,020	10	0.3
TOTAL TOWABLES	[illegible]	- 780	- 7.2	67,100	67,220	- 120	[illegible]
Motorhomes:							
Class A	3,120	520	19.9	17,040	18,690	- 1,650	- 8.8
Class B Van Campers	470	- 120	- 21.0	3,050	2,650	400	15.0
Class C:	1,530	- 70	- 4.7	9,820	11,810	- 1,990	- 16.9
-Minis	1,130	- 170	- 13.3	7,570	9,740	- 2,170	- 22.3
-Low Profiles	110	110	n/a	430	840	- 410	- 49.0
-Micro-minis	290	- 10	- 3.4	1,820	1,220	600	48.7
TOTAL MOTORHOMES	[illegible]	320	[illegible]	[illegible]	[illegible]	- 3,250	[illegible]
Multiuse Van Conversions	16,610	- 790	- 4.6	92,780	97,920	- 5,140	- 5.3

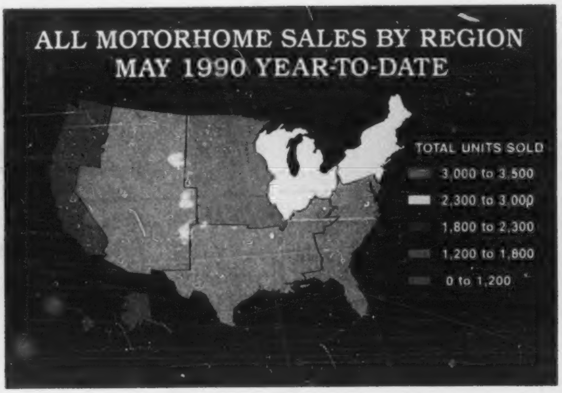
Note: Data rounded to nearest 10 units.

Figure 6

MAY MARKET REMAINS SOFT

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

As of May 1990, motorhome retail figures for the year-to-date still trailed the pace of the first five months of last year by 11.1%, but 1990 RV-trailer retail registrations lagged the 1989 market by a lower 3.53%.

It should be noted that May 1990 sales numbers for RV trailers include California registration figures for the first time this year, permitting complete comparisons of 1989 and 1990 markets. However, California motorhome retail data were still unavailable as of May, and California numbers have been deleted from all comparisons.

May motorhome figures were down by 751 units, or 16.8%, compared with May 1989. Figure 1 ranks the seven national regions by the percentage change in May motorhome sales compared with the same month a year earlier. The Mountain region was the top ranked, with Wyoming having the largest percentage gain among the Mountain states. In the bottom-ranked East North Central region, Michigan had the largest decline from May 1989.

For the year-to-date, the motorhome market, as noted earlier, was off by 11.1%, which equals a 1,977-unit decline from the total for the first five months of last year. Figure 2 lists the national regions in order of the percentage change in motorhome sales for January-May compared with the same period in 1989. The Pacific region led all others for the year-to-date, and Washington state experienced the biggest percentage gain in that region. The Northeast trailed the pack, with the state of New Hampshire reporting the largest drop.

By comparison, the RV-trailer market was down in May by 840 units, or 6.27%, compared with May 1989. Figure 3 provides a regional ranking based on the RV-trailer market's percentage change from May of last year. The Mountain region achieved the No. 1 spot, with Colorado reporting the largest percentage gain for May. In the lowest-ranked South Atlantic region, Virginia came in with the largest decline.

For the year-to-date, the RV-trailer market was down by 1,695 units, or 3.53%, compared with the same five months of 1989.

MOTORHOMES, MAY '90

May '90 Rank	Region	% of Change From May '89	Apr. '90 Rank
1	Mountain	– 6.3	6
2	W.N. Central	– 7.3	3
3	S. Central	–12.2	4
4	Pacific	–17.6	1
5	S. Atlantic	–19.6	2
6	Northeast	–21.8	7
7	E.N. Central	–22.4	5

Figure 1

MOTORHOMES, YEAR-TO-DATE

May '90 Rank	Region	% of Change Year-to-Date	Apr. '90 Rank
1	Pacific	– 1.37	1
2	S. Central	– 1.70	2
3	S. Atlantic	– 4.30	3
4	W.N. Central	–10.40	4
5	Mountain	–12.70	5
6	E.N. Central	–19.50	6
7	Northeast	–23.30	7

Figure 2

RV TRAILERS, MAY '90

May '90 Rank	Region	% of Change From May '89	Apr. '90 Rank
1	Mountain	–12.2	3
2	W.N. Central	– 8.0	5
3	Pacific	– 4.5	2
4	S. Central	– 5.7	1
5	Northeast	– 5.8	6
6	E.N. Central	–12.7	7
7	S. Atlantic	–15.4	4

Figure 3

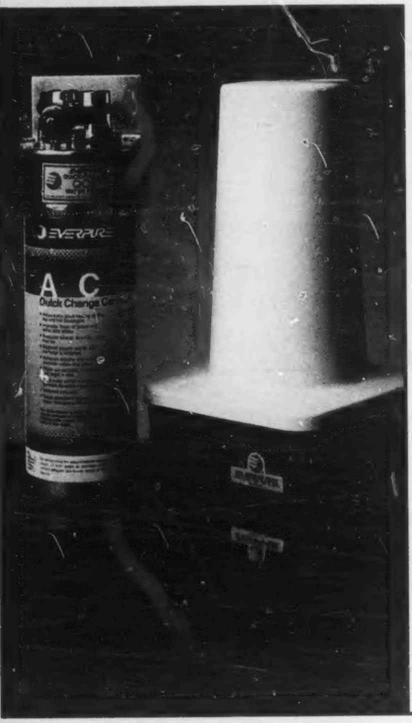
RV TRAILERS, YEAR-TO-DATE

May '90 Rank	Region	% of Change Year-to-Date	Apr. '90 Rank
1	S. Central	19.1	1
2	Mountain	7.5	3
3	Pacific	– 1.7	2
4	W.N. Central	– 4.0	5
5	S. Atlantic	– 6.5	4
6	E.N. Central	–13.5	6
7	Northeast	–14.4	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

DOUBLE YOUR PROFITS



Stock 'em Both

Now take full advantage of the growing drinking water market! Stock the traditional built-in Everpure water purification system and the new Countertop model. Offer your customer two opportunities for better water and double your profit potential. Both products use the same model ADC filter cartridge, so customers who enjoy Everpure treated water in their RV can bring the cartridge indoors if they winterize. This portable unit lets them have clean drinking water at home, on the road ... anywhere a faucet can be found.

Everpure has it all ... the National Sanitation Foundation's highest ratings ... fine reputation ... eye-catching packaging ... attractive consumer promotions.

Everpure products ... more profitable than ever! Call your Everpure distributor today.

EVERPURE.

Everpure, Inc., Westmont, IL (708) 654-4000

AT RETAIL *continued*

Listed in Figure 4 are the seven national regions according to the year-to-date percentage change in trailer sales compared with the same period last year. In the leading South Central region, Alabama recorded the largest increase for the year-to-date. The Northeast lagged the pack, with Connecticut having the largest decline.

Both the May RV-trailer and motorhome markets performed below their year-to-date averages, but the motorhome market was generally softer.

This weakness in motorhome sales may have been due to tight credit, which hits larger-ticket motorhomes harder. The atmosphere in Midwest markets might also be a contributing factor; in September 1990, auto workers' union contracts will expire, and strike fears have caused many workers to postpone purchase decisions. In addition, the Northeast has been very weak.

On the plus side, the industry is not far off its 1989 numbers. If late-summer and fall retail markets open up, the industry could still match its 1989 performance. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

Grope
Groan
Crawl
& Cuss

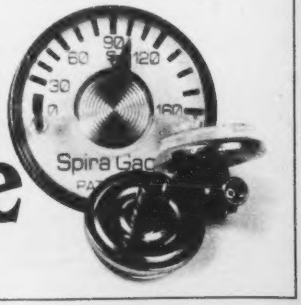
Checking tire pressure should be easy. It's guaranteed with SpiraGage, the built-in tire gauge that rolls with the RV wheel. Precise PSI readings at a glance. SpiraGage, time-saving and a helping hand for RV tire life and fuel mileage. SpiraGage ensures proper PSI because it mounts on your air valve stem. Built to withstand the rigors of long-haul trucking, SpiraGage makes leisure time ...well, more leisurely.
SpiraGage, the gauge of a safe motorhome.
Dealers, call United Instrument toll free for pricing guidelines.

VS.

"...with SpiraGage, checking tire pressure can be as simple as walking around the motorhome."
Bones Evers,
Contributing Editor
MotorHome Magazine

Just a Glance

UNITED INSTRUMENT, INC.
800/257-4243 or FAX 503/254-6115
P.O. Box 20626, Portland, OR 97220

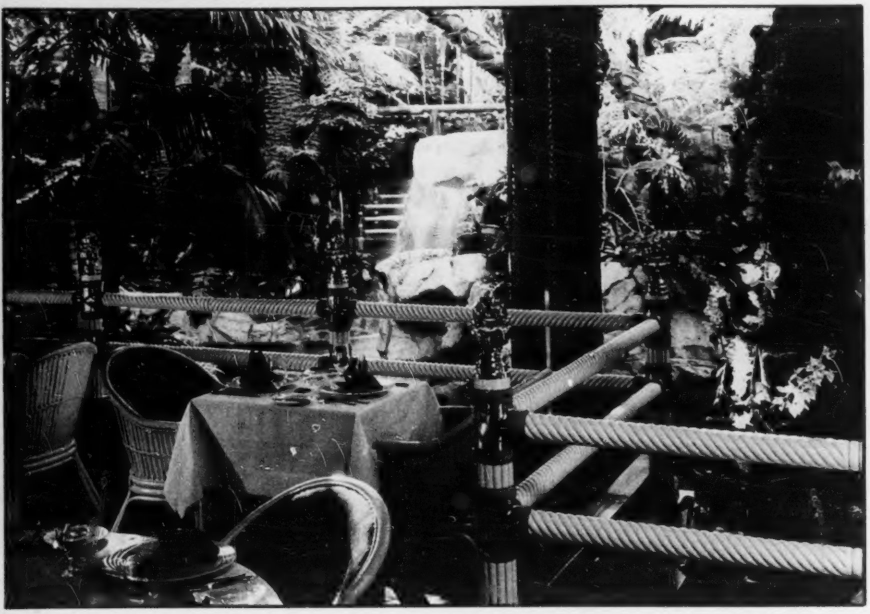


RV BUSIN

C8450-2

TLE1 20814 069100 STA
*C 9007 958 BYS
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

OCTOBER 8, 1990



RVDA/WDA CONVENTION: The extravagant Mirage hotel in Las Vegas, Nev., is the appropriately exciting setting for the first-ever joint convention/expo of RVDA, WDA and RVDA of Canada. See page 28.

RV Industry Tempers Reaction to Iraq Crisis

About the best way to sum up the RV industry's reaction to the latest Middle East crisis is to borrow a well-known phrase from Franklin Delano Roosevelt: "The only thing we have to fear is fear itself."

As of presstime, a number of industry members prudently emphasized that "it is really too early to tell" the full economic impact on the RV industry of what remained pretty much of a stalemate in the Persian Gulf into the early fall.

"I don't think that we can deny that this is a serious situation and that it could develop into something very serious for the industry," said RVIA President Dave Humphreys. "However, in looking at the situation, I think it is also important to take note of the differences that exist this time in comparison to our past experiences in 1973 and 1979. This time, we have Russia on our side, as well as the United Nations and most of the other Arab countries. Also, we didn't have the strategic oil reserves then that we have now, nor did we have the more fuel-efficient vehicles or other Third World nations coming on line with oil exports that, along with the other friendly Arab nations, will be able to make up for any shortfalls that could result from a loss of Iraqi oil or other oil in the Persian Gulf."

As past industry surveys have indicated, gasoline supply re-

continued on page 14

Fleetwood Foresees Era Of Industry Consolidation

The 1990s will be a decade of further consolidation for the RV industry, with fewer companies servicing an increasingly competitive and demanding marketplace, according to Elden Smith, senior vice president for Fleetwood Enterprises Inc.'s RV Group, Riverside, Calif.

And Fleetwood – the RV industry's leading manufacturer of motorhomes, travel trailers and folding camping trailers – has positioned itself to take advantage of that consolidation from both a product and after-sale service standpoint, Smith contended during Fleetwood's four regional 1991-model product showings in August and September. He pointed to the "significant dollars" that the RV leader already has invested in product development and service support in recent years.

continued on page 7

7 Fleetwood Debuts 1991 Lineup

7 GM Plans Low-Profile Class A Chassis

8 Cobra Buys Rockwood Inc.

8 TL Announces Dates, Agenda Of Nevada Show

9 Champion Taps Sibrt to Head RV Division

9 HRC Unveils Imperial Line

10 Ford Refines '91 Econolines

10 Color Marketing Group Releases '92 Palette

11 Foreign Van Makers Reduce U.S. Offerings

11 Thousand Trails Parent Exits Bankruptcy

12 ASA Co-Founder Leaves Firm

13 Glaval Opens New Plant

RV BUSINESS

VOLUME 41, NUMBER 13 OCTOBER 8, 1990 TWO DOLLARS

28

NEWS AND TRENDS

Industry News 7
RV People 16
Quarterly Forecast 20
DAB Perspective 23
Blue Chip Consensus 25

FEATURES

RVDA/WDA Convention 28

This special section features highlights of the first-ever joint convention/expo for RVDA, WDA and RVDA of Canada. Coverage includes a list of AfterMarket Expo exhibitors and sponsors, and an extensive calendar of both joint and individual association activities and seminars.

Small-Town Dealers 33

While most stories seem to associate retail success with big-time dealers in big-city settings, a large number of RV dealers have consciously chosen to locate in very small towns. These rural retailers describe their special formulas for profitable operation.

DEPARTMENTS

Legal 39
Dealer Concept 44
Calendar 48
In Brief 50
Profitmakers 52
Classified Advertising 56
Index to Advertisers 57
Midwest Journal 58

33

COVER PHOTO COURTESY OF MIRAGE, LAS VEGAS, NEV.

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

OUTLOOK SHIFTS WITH IRAQ CRISIS

MORTON J. MARCUS

Before the Iraqi incursion into Kuwait, the forecast for the American economy and RV industry was not encouraging. Now, with higher oil prices a reality and a shooting war still a possibility (as of this writing), the short-term outlook has deteriorated. The problems of inflation, the federal budget deficit and potential recession all remain and are more potent than before.

Under these unsettled conditions, we have examined two different sets of conditions in the American economy. One control forecast is based on moderate conditions, and one alternate forecast is founded on a set of more dramatic assumptions. In the first forecast, oil prices are up, but interest rates drop slightly. In the alternate case, oil prices are even higher, and interest rates rise slightly, making it possible to say "recession."

The RV Forecast

Our previous forecast (see RVB, July 6, 1990) was running on target when the Mideast problems developed. *(See Figure 1.)* We had anticipated that the second quarter would rebound from the sharp drop with which 1990 opened. Our second quarter forecast of 96,200 units shipped was actually too modest; the industry came in at 96,900 units, but we will accept that 0.7% error graciously.

If the economy had continued along the path established in the spring and early summer months, total shipments would have moved in a narrow range of less than 100,000 units per quarter through 1991. That was the previous forecast shown in Figure 1. Now, with the shock of higher oil prices and the uncertainty of the late summer months, we expect a decline in shipments followed by more rapid growth as we move into 1991. This is the control forecast of Figure 1. If even higher oil prices were sustained and reinforced by an anti-inflation program, RV shipments would suffer severely, as shown by the alternate forecast in Figure 1. The alternate forecast may be taken as a "Worst Case Scenario."

The economic and political events of recent weeks take less than 10,000 units off our previous 1990 forecast because seven months of the year are already gone, and because the control forecast develops a moderate growth path for the nation. The alternate forecast, however, includes major, sustained increases in petroleum prices and an economic downturn brought about by efforts to stop an inflationary drift. Where the previous forecast called for a 3.2% decline of shipments in 1990 from 1989, the control outlook indicates a 5.6% drop, and the alternate view foresees total shipments down by 14.3%. Both the previous and new control forecasts show growth in 1991, but the alternate outlook puts next year's growth at an even lower level than this year's.

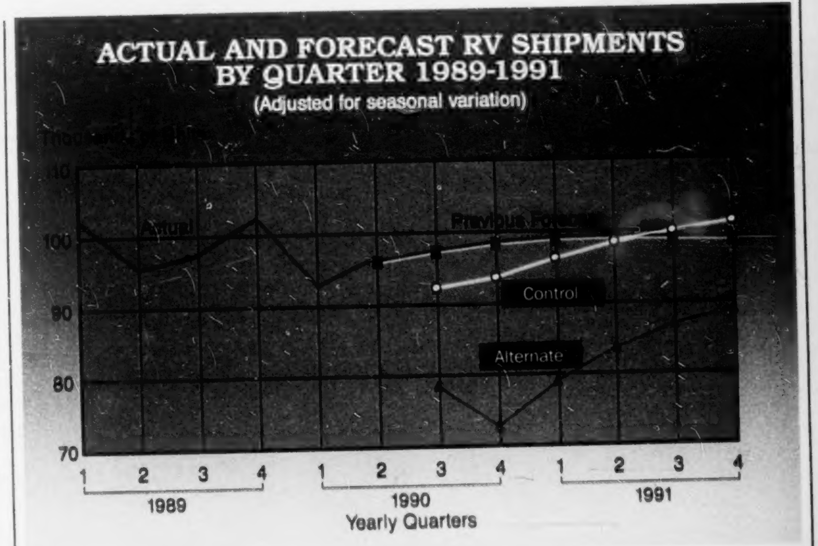


Figure 1

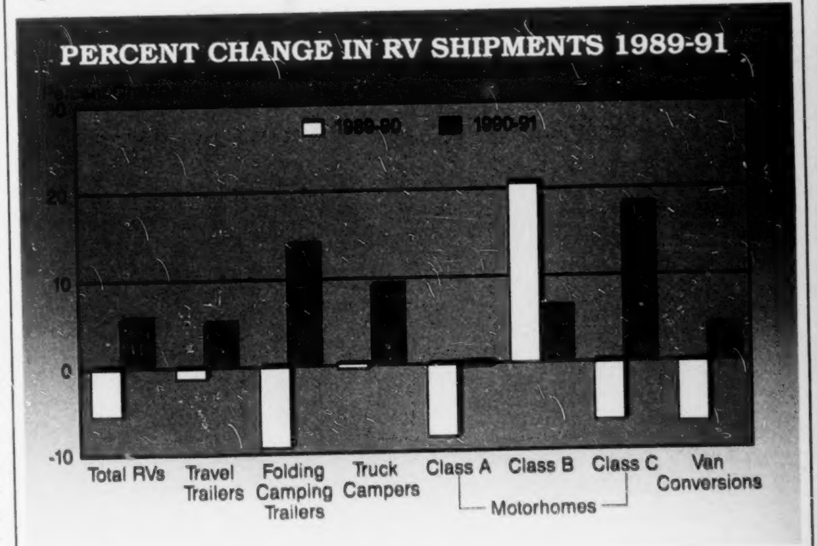


Figure 2

In the control forecast, the RV industry suffers a 4.6% drop in the third quarter of 1990 compared with the second quarter. Then an upward path is resumed. In the alternate, that third quarter 18.8% drop is followed by another 7.7% quarterly decline, before an upward path is regained.

The Detailed RV Forecast

Previously, we had been expecting all towables to do better in 1990 than in 1989. The new control forecast has no gain in truck campers and 1990 declines in travel trailers and folding camping trailer units. *(See Figure 2.)* The good news is that, in each of these three categories, sufficient gains are made in 1991 shipments to allow next year to exceed 1989 levels.

The motorhome category is where we would expect gasoline prices to have their greatest impact, but, with more than half of 1990 gone, Figure 2 shows that Class A units will have only an 8.5% decline (or about a 3,000-unit drop) in 1990 compared with 1989. Class C's are next in feeling the impact of gas prices, with a 6.8% decline (1,400 units), while Class B van campers show an increase for the year because of stronger volumes already realized.

Under the control assumptions, van conversions are expected to decline by less than 15,000 units, or 7.1%, in 1990 and then to regain about half of that amount in the following year.

The more adverse conditions in the alternate forecast bring about a decline of more than 30,000 van conversion units (15.7%) in 1990 and no significant increase in 1991. Towables in the alternate outlook drop 11% this year, and motorhomes fall 18.2% from 1989 levels.

To understand the differences in these forecasts, let's examine business in America when the Iraqi action began.

The National Economy

The U.S. economy for the past four quarters has been growing very, very slowly. At the doorstep of both inflation and recession, Americans have been concerned about the S&L crisis, the federal government's budget imbalance and potential tax increases. The country had a full plate of worries before Iraq invaded Kuwait and more than 2 million barrels of oil per day were cut out of the world's supply lines.

Without the Iraqi action and the major U.S. response to it, the nation's economy would have been weak. Our control forecast assumes that the world price of a barrel of crude oil will be $23 and rising slowly; that the Federal Reserve Board will not attempt to fight this inflationary force but will concentrate on keeping the wolf of recession from the door by allowing interest rates to fall moderately; and that annual economic growth in Western Europe and Japan will average 3.5%.

Under these benign assumptions, the national economy advances by just 1% in real terms this year. *(See Figure 3.)* Exports are the strongest aspect of the economy under these conditions. It says little for our domestic economy when we find state and local government spending "leading the way." Neither consumer nor business spending offers much stimulus. In 1991, the economy slows still further, and the number of media stories of a recession probably will multiply. Note: This control forecast does not contain a recession.

ANNUAL GROWTH RATES AFTER ADJUSTMENT FOR INFLATION

	1989	1990	1991
		— Forecast —	
Gross National Product	2.5	1.0	0.8
Consumer Spending	1.9	0.9	1.0
Business Investment	3.9	0.5	0.1
Residential Investment	–4.0	–4.3	–3.8
Exports	11.0	6.0	4.1
Imports	6.0	3.4	1.7
Govt. Purchases			
Federal	2.1	1.3	–1.2
State & Local	2.4	2.8	1.4

Figure 3

KEY FACTORS IN THE FORECAST

	1989	1990	1991
		– Forecast –	
Prime Interest Rate (%)	10.9	9.9	9.4
Value of the Dollar (1973=100)	98.5	92.7	91.1
Unemployment Rate (%)	5.3	5.5	6.1
% Change at Annual Rates:			
Money Supply (M2)*	3.7	5.3	5.2
Real Disposable Personal Income	2.4	1.2	–0.1
Consumer Price Index	4.8	5.7	6.1
Food & Beverages	5.7	6.0	5.0
Motor-Fuel Prices	9.4	7.8	5.8

*M2 consists of the nation's basic money supply of currency, plus demand deposits, plus savings accounts at commercial banks.

Figure 4

ANNUAL TRENDS

	1989	1990	1991
		— Forecast —	
Unit Auto Sales (millions)	9.9	9.5	9.3
Unit Housing Starts (millions)	1.4	1.3	1.2
Federal Budget Deficit (billion $)	134.3	186.4	171.5
% Change in Compensation per Manhours	2.9	2.8	3.2
Productivity	–0.2	–0.9	–0.7
Unit Labor Costs	3.1	3.7	3.9

(Compensation – Productivity = Unit Labor Costs)

Figure 5

In this control forecast, interest rates fall slightly as does the value of the dollar. *(See Figure 4.)* The decline in interest rates and the weakening of the dollar work in favor of RV sales, but rising unemployment and a dramatic fall in the growth of real disposable personal income work against RV sales. Real income is falling because of weak earnings gains and rising inflation.

The result of these tendencies is that auto sales and housing starts slump even further. *(See Figure 5.)* The federal budget deficit (with much of the S&L debt left out) continues to rise. Sluggish production gains are not offset in today's world by manufacturing layoffs, and this brings productivity down, thereby increasing unit labor costs and inflationary pressures.

The alternate forecast, however, is an even less pretty picture. What happens when we let the price of a barrel of crude settle at $33 instead of $23? Now add in an assumption that the Federal Reserve Board and other central banks in major nations decide to fight the inflation of these higher oil prices with tighter control on the money supply. This would mean somewhat higher, not lower, interest rates. The higher world oil prices would slow growth in all industrialized nations from 3.5% down to 2.0%, hurting our exports.

OK, now we can say it: recession. The remainder of 1990 is then a period of declining real gross national product (GNP). Differences shown in Figure 1 between the control and alternate scenarios for the RV industry are dramatic.

This alternate forecast indicates results of what we view as a worst likely case scenario, yet the great slumps of 1974 and 1979 were far worse because there were gasoline availability problems. In 1982, we had skyrocketing interest rates, which are not even suggested here.

The issue is not the Persian Gulf. The major problems of America are low productivity, slow growth in both income and output, inflationary pressures, and major misdirection of our national resources. These are the long-term issues limiting the potential for the RV industry. Δ

This forecast is a product of the Center for Econometric Model Research at Indiana University, R. Jeffery Green, director. The RV industry forecast was generated by Vinay Kansal; the written interpretation of these data, however, is the sole responsibility of the author. TL Enterprises Inc. is one of several private firms supporting the center and its quarterly forecasting activities.

RETAIL SALES FIGURES ARE HOLDING

GAYLORD MAXWELL

The RV retail sales picture improved somewhat in July, according to RVB's Dealer Advisory Board (DAB). Four of the five RV types were up in new-unit sales. Almost half of the members of the board grossed more dollars during July than they did in the same month of last year. Grosses and bottom lines both got good ratings by a majority of the DAB. The service and accessory businesses received good to excellent marks.

Year-to-date, the picture was getting brighter, too. Sales volume was down 6%, but both new- and used-unit sales almost equaled those of 1989. Thirteen of the 22 DAB members grossed more dollars than in the same period of 1989.

On the flip side, there were still some negatives. The biggest-ticket category (motorhomes) was still in the minus column, with new-unit sales down 9% from last year. And, although more dealers were up in sales volume than not, 40% of them still trailed last year's figures. On a final negative note, one of our DAB members closed his doors forever in July.

The obvious major question now is: How will the current Persian Gulf situation affect the RV industry in the long run? Sales reports during the next few months will tell that story. There are good reasons to be concerned, but few reasons to panic.

Motorhomes

The downtrend in motorized not only continued in July but accelerated a bit. Eight members of the DAB who sell that type were off the pace in new units for the month; seven were up, and a couple were the same. Some of the large dealers are really taking it on the chin, but, generally, the declines weren't severe.

> *Year-to-date, the picture is getting brighter. Thirteen DAB members grossed more than in the same period of 1989.*

On the positive side, grosses on all motorized units were good.

Year-to-date, the news wasn't any better. Motorhome sales for well over half of the DAB members who sell them were off. The Iraq problem certainly is not going to help sales of this type.

Travel Trailers

Continuing the pace set early in the year, July sales were up in both new and used units. Although the number of dealers up in sales was about equally balanced by the number of those who were down, changes were quite small. Profits were generally rated good; however, three dealers rated them excellent.

Year-to-date, sales of new units were up 18%; 16 dealers' sales were up, and only four were down.

While there's no explanation for the dramatic increase in sales of this RV type this year, it is a very welcome and long-overdue situation. Hopefully, it will continue.

Truck Campers

A tremendous upsurge of sales by one of the DAB camper specialists pushed the percentage figures off the wall this month. Both new and used units did well. Profits were rated from fair to excellent.

Year-to-date, new-unit sales were still lagging a bit behind 1989, but not by much.

There seems to be some resurgence of interest in this RV type. The crisis with Iraq could create even more interest as more truck owners opt for smaller rigs.

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	JULY 1990	JULY 1989	% CHANGE	1990	1989	% CHANGE	JULY 1990	JULY 1989	% CHANGE	1990	1989	% CHANGE
MOTORHOMES	155	208	−25	993	1214	−18	151	179	− 16	1085	1195	− 9
TRAVEL TRAILERS	153	143	+ 7	924	792	+17	155	134	+ 16	780	720	+ 8
TRUCK CAMPERS	41	28	+46	222	237	− 6	31	13	+138	144	104	+38
CAMPING TRAILERS	105	81	+24	765	750	+ 2	32	49	− 35	225	243	− 7
FIFTH-WHEELS	47	43	+ 9	355	303	+17	24	27	− 11	194	186	+ 5

	FOR MONTH			YEAR-TO-DATE		
	JULY 1990	JULY 1989	% CHANGE	1990	1989	% CHANGE
SALES VOLUME	$16,438,000	$18,892,000	−13	$105,803,000	$112,589,000	−6
TOTAL UNIT SALES	894	905	− 1	5,687	5,744	−1
NEW-UNIT SALES	501	503	− 1	3,259	3,296	−1
USED-UNIT SALES	393	402	− 1	2,428	2,448	−1

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **David McMann,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Robert Jensen,** Layton, Utah; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Delores McNally,** Portland, Ore.; **Annette Miller,** Fayetteville, N.C.; **Steve Moran,** Warwick, R.I.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

RV BUS

22, 1990

C8950-2

TLE1 20814 069100 STA
*C 9007 958 BYS
JEANNE LONG **
ACQ EDITOR **
CONGRESSIONAL INFORMATION SV
420 EAST WEST HWY 800
BETHESDA MD 20814

Coachmen Unveils Orion, a 'Luxury Touring Car'

Coachmen Industries Inc., Elkhart, Ind., launched the long-awaited Orion at a press conference in late September. Company officials called the unit "a new classification of vehicle, similar to a European luxury touring car." The unit is equipped with a 351-cid, fuel-injected engine from Ford Motor Co., front-wheel-drive and four-wheel independent suspension on a 10,200-pound gross vehicle weight chassis developed by Coachmen utilizing Ford F-250 components. According to Chuck Ornduff, president of Coachmen's Orion Motors Corp., the unit will be targeted at "people who want all the luxury and convenience they can get in their traveling vehicle . . . people who prefer 'see it all' driving vacations. We expect to see the Orion parked overnight in front of a lot of first-class hotels," he added. The new motorhome unit will carry a suggested retail base price of less than $50,000. (See the related story, "Class A's: A New Era of Downsizing Ahead?" on the cover and page 14.) ⍋

Class A's: A New Era of Downsizing Ahead?

Long before Iraq altered the world's fuel consciousness, an array of U.S. motorhome makers were developing smaller, more fuel-efficient, low-profile Class A motorhomes in an effort to cope with a fiercely competitive marketplace.

Now some of these RV manufacturers believe they may be – almost coincidentally – on the leading edge in an era of downsizing accelerated by world oil politics.

"I think there will always be a market for large vehicles," said Phil Lux, president of Elkhart, Ind.-based Coachmen Industries Inc., which introduced the 23-foot Orion (see the accompanying cover story) in late September. "But I think that, in the next decade, we'll see the bulk of the sales shift to smaller units. We're already seeing it happen. Look at the proliferation of 25- to 27-foot motorhomes appearing in the Class A marketplace today."

Motorhomes tended to get bigger in the 1980s, explained Fred Emmert, senior vice president for Holiday Rambler Corp. (HRC), Wakarusa, Ind., which is developing a new low-profile, front-wheel-drive coach of its own for a midwinter release. But, in the last three or four years, thanks in part to the introduction of a small Chrysler-powered chassis by Vironex Inc., Canyon Country, Calif., a new niche market has emerged, said Emmert. Now other chassis builders – Chevrolet Motor Division, Ford Motor Co., Oshkosh Truck Corp. and CDC Inc. included – have begun catering to the low-profile sector.

Emmert added that he thinks that the new chassis and units coming out now are only the beginning of widescale downsizing. "I think you'll have your core of large A's, but most Class A expansion will be in the smaller, lighter-weight vehicles and these Class A's will be replacements for the C-body business," said Emmert. "These coaches will be efficient in the use of fuel, as well as space utilization, and they will be competitively priced."

Emmert's long-term outlook

continued on page 14

Detroit Reins In Prices of Van Chassis

Warrick Plans Purchase of Honey Plant

Mallard Debuts Sport Towables

ElDorado Execs To Build Under Honorbuilt Name

Spartan Adds Short Pusher To Chassis Line

PRVCA Pleased By Show, Issues Trade-Days Policy

Lower-Priced Coach Debuted By Foretravel

RV BUSINESS

VOLUME 41, NUMBER 14 OCTOBER 22, 1990 TWO DOLLARS

NEWS AND TRENDS

Industry News 7
RV People 16
At Retail 19
RVIA Shipments 22
Blue Chip Consensus 24

FEATURES

Ten Top Dealers 26
Based on suggestions from RV manufacturers, dealer associations and industry observers, RVB has profiled 10 top dealers from around the country. Each exemplifies success in a different aspect of RV retailing—such as attracting first-timers, dealership facilities, future-oriented development and promotional innovation.

Tow-Vehicle Trends 36
Although the Big Three automakers are not introducing many major increases in tow ratings, they are continuing to court RV-trailer owners with fine-tuning to improve powertrains and towing capabilities of a wide range of tow vehicles.

DEPARTMENTS

In Brief 42
Profitmakers 44
Calendar 46
Classified Advertising 48
Index to Advertisers 49
Midwest Journal 50

16

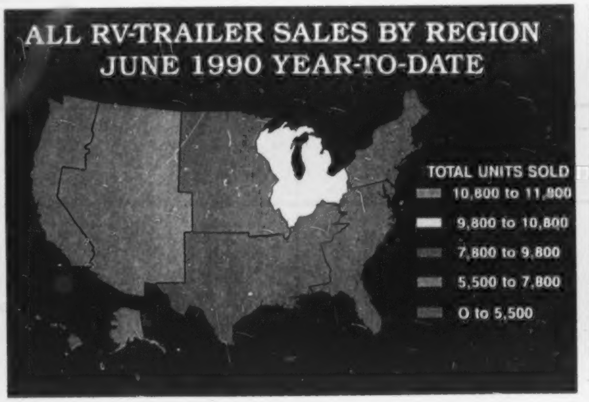
36

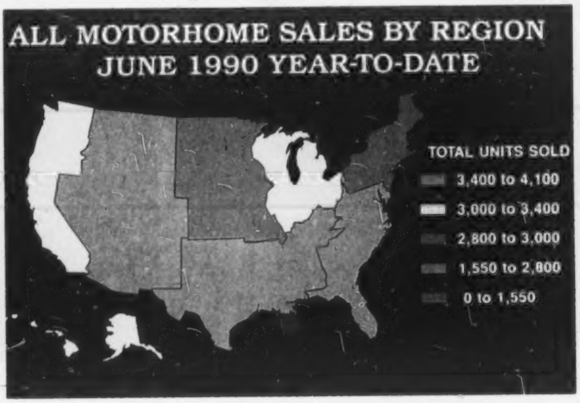
COVER PHOTO COURTESY OF COACHMEN INDUSTRIES INC., ELKHART, IND.

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life*, *MotorHome*, *Rider*, *Trailer Life's Annual RV Buyer's Guide*, *Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

JUNE RETAIL MARKET SAGS; SOME REGIONS PERFORM WELL

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

By June, RV-trailer registrations for the first six months of 1990 were 2.4% behind the pace of the first half of 1989. The motorhome industry data, which still does not include California numbers, was off 10.9% compared with the first half of last year.

RV-trailer sales in June were off by 1,395 units, or 9.6%, when compared with June 1989. Figure 1 shows the seven national regions ranked according to the percentage change in this June's RV-trailer sales compared with June 1989. The South Central region led the pack, with Alabama reporting the largest percentage gain. In the bottom-ranked Northeast, New Hampshire experienced the largest decline.

Year-to-date retail registrations of RV trailers showed a 1,491-unit, or 2.4%, decline compared with the first six months of 1989. Figure 2 features the regional rankings according to the percentage change in RV-trailer sales for the first six months of 1990 compared with the same period last year. The South Central region once more led the rankings, and Alabama recorded the largest gain. The Northeast continued to trail all others, with New Hampshire having the largest decline.

Meanwhile, the motorhome retail market in June was down by 666 units, or 14.5%, when compared with June 1989. Figure 3 details the regional rankings according to the percentage change in motorhome sales from June of last year. The Pacific region topped the list, with Washington state recording the largest gain. The South Atlantic region fell to last place, and Delaware had the greatest decline.

Year-to-date, the motorhome market dropped by 2,441 units, or 10.9%, from 1989. Figure 4 shows the seven regions

RV TRAILERS, JUNE '90

June '90 Rank	Region	% of Change From June '89	May '90 Rank
1	S. Central	8.0	4
2	Mountain	2.3	1
3	Pacific	– 1.5	3
4	W.N. Central	– 8.4	2
5	E.N. Central	– 9.6	6
6	S. Atlantic	–16.5	7
7	Northeast	–27.4	5

Figure 1

RV TRAILERS, YEAR-TO-DATE

June '90 Rank	Region	% of Change Year-to-Date	May '90 Rank
1	S. Central	17.5	1
2	Mountain	8.7	2
3	Pacific	5.0	3
4	W.N. Central	– 3.6	4
5	S. Atlantic	– 7.2	5
6	E.N. Central	– 9.1	6
7	Northeast	–16.8	7

Figure 2

MOTORHOMES, JUNE '90

June '90 Rank	Region	% of Change From June '89	May '90 Rank
1	Pacific	20.4	4
2	W.N. Central	.8	2
3	S. Central	–14.4	3
4	Mountain	–16.5	1
5	Northeast	–20.7	6
6	E.N. Central	–23.7	7
7	S. Atlantic	–27.1	5

Figure 3

MOTORHOMES, YEAR-TO-DATE

June '90 Rank	Region	% of Change Year-to-Date	May '90 Rank
1	Pacific	3.8	1
2	S. Central	– 4.0	2
3	N. Central	– 7.1	4
4	S. Atlantic	– 8.9	3
5	Mountain	–10.8	5
6	E.N. Central	–19.7	6
7	Northeast	–21.8	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

ENTERING A NEW ERA?

MORTON J. MARCUS

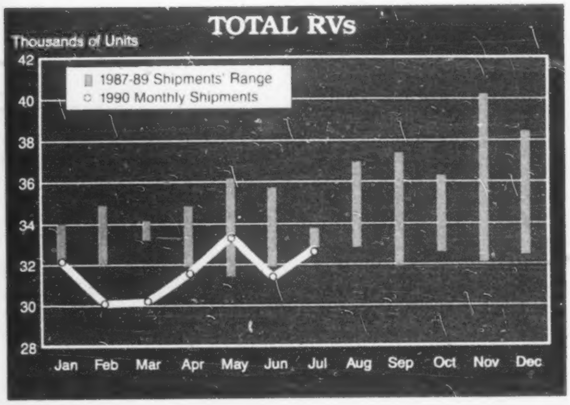


Figure 1

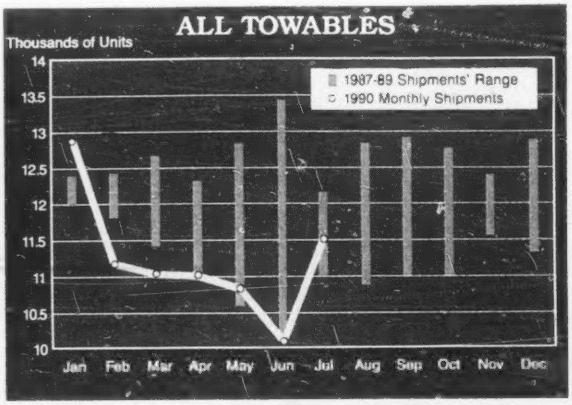


Figure 2

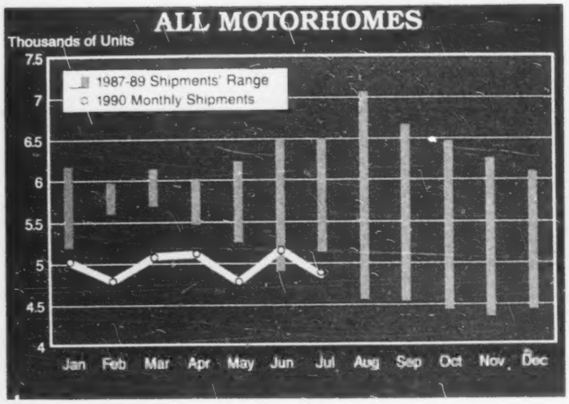


Figure 3

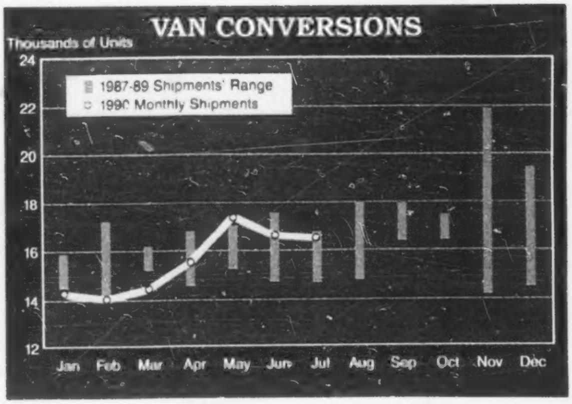


Figure 4

Eras are marked by events, not by particular points on the calendar. The 1970s ended in early 1979 when the shah of Iran was overthrown. This nation then began a long downward slide composed of a massive inflation and a severe recession. This period was followed by a quick recovery and then a long period of slow national growth.

With the invasion of Kuwait by Iraq, the 1980s ended, and the 1990s began. It is possible that we will remember early August of this year as a turning point, marking the move from one era to the next. RV shipment data from RVIA for July were the last of the pre-Kuwait numbers, and we may be measuring events from this turn in the road in the future.

When adjusted for normal seasonal patterns, the July shipment data showed no new trends or directions. The numbers were a lackluster continuation of the doleful pattern that 1990 had been following. Six of the first seven months of the year were below the monthly range of shipments in the three prior years. *(See Figure 1.)* July was an improvement over June shipment levels and actually represented the second-best month of the year-to-date.

If there was any good news in the July figures, it could be the fact that, with a deficit of 8,700 units for the year-to-date, total shipments were nonetheless narrowing the gap between 1990 and last year. In July, the year-to-date tally represented only a 3.8% decline from the same seven-month period of 1989, the lowest percentage shortfall for the year-to-date. This year-to-date percentage deficit definitely was an improvement from the nadir of a 9.3% lag recorded in February. Yet equating deficit reduction with progress might be grasping at straws because the fluctuations of monthly shipments in 1990 to date were in a narrow band with little evidence of any-

GRAPHICS: CUSTOM COLOR VISUALS

thing other than sideways motion.

However, towables did present a different picture. *(See Figure 2.)* July ended the downward slide that had been in progress the entire year. July was the second-best month for towables recorded in 1990 to date and may have marked the start of a period of improvement.

Motorhomes, by contrast, were down in July. *(See Figure 3.)* The up-and-down of a less-than-titillating roller-coaster ride best characterized this sector of the RV market through the first seven months. Meanwhile, for van conversions, the ride continued downhill after reaching a peak in May. *(See Figure 4.)*

The Detailed View

Towables have provided the best news of 1990. By the end of July, only this sector out of the three major sectors of the RV market had posted a gain for the year-to-date – albeit just a gain of 0.5%, or a small 360-unit improvement, over the same period a year ago. The motorhome and van conversion sectors each posted losses for the year through July. As a result, towables added to their market share at the expense of the other sectors. *(See Figure 5.)* Most of towables' market-share gain came from the share held by motorhomes.

Among the different types in the motorhome segment, Class A and Class C units yielded ground, while Class B units posted a gain. Class B van campers added 630 units, a gain of 21%, which was topped only by the advance made by Class C micro-minis among motorhomes. *(See Figure 6.)*

Within the towables sector, the picture was very mixed, although the differences were small. Except for park models, all segments gained market-share points, which means that they had either exceeded shipment levels of 1989 through July or had at least not fallen by more than the 3.8% loss of total RV shipments. Conventional travel trailers were the best performers, with a 700-unit gain (2.2%), followed by fifth-wheel units, which advanced by 540 units (3.1%). Park models, folding camping trailers and truck campers all recorded losses for the seven-month period compared with last year.

The changes in towables were slight compared with the larger swings of motorhomes. Class A's, with total unit volume about equal to that of folding camping trailers, had a much larger decline, giving up 2,400 units (nearly 11%). Class C mini-motorhomes were off by almost 2,000 units, dropping nearly 18% behind the pace of 1989.

PERCENT MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1990	1989	Change
TOTAL RVs	100.00	100.00	0.00
Travel Trailers:	24.18	22.86	1.32
Conventional	14.29	13.45	0.84
Park Models	1.95	2.00	–0.05
Fifth-wheels	7.94	7.41	0.53
Folding Camping Trailers	8.57	8.41	0.15
Truck Campers	2.58	2.56	0.02
TOTAL TOWABLES	35.32	33.84	1.48
Motorhomes:			
Class A	8.83	9.54	–0.71
Class B Van Campers	1.63	1.30	0.34
Class C:	5.16	5.74	–0.59
Minis	4.05	4.74	–0.69
Low Profiles	0.19	0.43	–0.23
Micro-minis	0.91	0.57	0.34
TOTAL MOTORHOMES	15.62	16.58	–0.96
Multiuse Van Conversions	49.06	49.58	–0.52

Percentages may not add to total because of rounding.

Figure 5

As a group, motorhomes were already down by close to 3,600 units (9.4%) for the year-to-date before the Iraqi incursion sent oil prices upward. The best that can be said about the motorhome segment is that the 9.4% deficit was the best level for a year-to-date comparison in the first seven months of 1990. In February, the shortfall from 1989 stood at 16%, and the deficit improved continuously from that point.

Van conversions also cut into their year-to-date deficit in July. After reaching a 14% shortfall in February compared with the first two months of 1989, the year-to-date lag was cut down to 4.8% by July. Nonetheless, in the first seven months of this year, nearly 5,500 fewer units had been shipped in 1990 than in the previous year. Profits are made on units shipped and sold, not on decreased percentage point differences.

Although some positives can be found in this year's data through July, the fact remains that total shipments were down by more than 8,700 units from 1989 levels at the end of July. Thus, when the armies of Iraq crossed the Kuwaiti border, their actions were not disrupting a thriving and robust RV market.

The question for future analyses will be "How much worse did the RV industry do in 1990 because of the Persian Gulf crisis?" This is similar to basic questions we have about the American economy for the same period. *(See RVB's Quarterly Forecast in the Oct. 8 issue.)* Before the Iraq action, inflation was already a problem. The federal budget deficit was already a national dilemma. Weak economic progress had been our experience for many months before Baghdad became a nightly background for traveling TV newscasters.

"How much worse did it become?" will be our standard inquiry in measuring the effects of Saddam Hussein's ambitions. July 1990 may be the end of an era – the reference point for future analyses. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

Type of Units	Jul '90	Change From Jun '90		Year-to-Date		Change	
		Number	%	1990	1989	Number	%
TOTAL RVs	32,740	920	2.9	222,540	231,250	-8,710	-3.8
Travel Trailers:	7,810	900	13.0	53,810	52,870	940	1.8
Conventional	4,990	810	19.4	31,800	31,110	700	2.2
Park Models	600	70	13.4	4,340	4,630	- 300	- 6.4
Fifth-wheels	2,220	20	0.8	17,670	17,140	540	3.1
Folding Camping Trailers	3,000	690	29.8	19,060	19,460	- 400	- 2.0
Truck Campers	700	- 190	- 21.2	5,730	5,920	- 190	- 3.1
TOTAL TOWABLES	11,500	1,400	13.9	78,610	78,250	360	0.5
Motorhomes:							
Class A	2,600	- 520	- 16.5	19,640	22,060	- 2,410	- 10.9
Class B Van Campers	580	120	25.5	3,640	3,000	630	21.1
Class C:	1,660	130	8.4	11,480	13,280	- 1,810	- 13.6
- Minis	1,450	320	28.6	9,020	10,960	- 1,950	- 17.8
- Low Profiles	0	- 110	- 100.0	430	990	- 560	- 56.4
- Micro-minis	210	- 90	- 29.3	2,030	1,330	700	52.6
TOTAL MOTORHOMES	4,840	- 270	- 5.3	34,760	38,340	- 3,580	- 9.4
Multiuse Van Conversions	16,400	- 210	- 1.3	109,170	114,650	- 5,480	- 4.8

Note: Data rounded to nearest 10 units.

Figure 6